THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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Bird's Eye Views

Studies of Value Based on a Broad Survey of Conditions

X.—No. 12 Ashburton Place—The Inside Story of Calumet & Hecla

By JOSEPH F. PRESTON.

ASSUMING that you discover Ashburton Place, Boston—often a matter of considerable difficulty for a stranger—you will find it to be a short, narrow street with a Court House at one end and the State House at the other. An ancient church midway of the street is now a law school. There are several lodging and boarding houses, all of the vintage of 1792, and down near the end of the street you will find a row of old fashioned brick residences with bulbous fronts. At No. 12 you will see an unobtrusive sign worn with age which reads:

"CALUMET & HECLA MINING CO."

If you get there before 2 o'clock P. M., well and good, you can get in; but if you get there at 2.03 they lock the door on you. Promptly at 2 o'clock every day, year after year, the click of typewriters and scratching of pens abruptly ceases. The stenographers put on their old grey bonnets, the bookkeepers get into their old fashioned coats, the old fashioned desks are closed, and everybody goes home.

The folks at No. 12 Ashburton Place have been mining copper for about forty years. In 1865 Alexander Agassiz, the noted scientist who died not long ago, went out to the Lake Superior copper district to take charge of the Calumet Mine in which his brother-in-law, Quincy A. Shaw, had bought a large interest. Mr. Agassiz was a good mineralogist, and after careful examination of the ground, he wrote back to the folks at Ashburton Place a glowing description of what he had found. Money was needed to develop the mine, but it was obtained without any extraordinary difficulties.

In all it cost $1,200,000 to get the mine going, and that is all the money the stockholders have been called upon to pay for the development of the property. After five years of strenuous labor by

Mr. Agassiz, the first dividends came along, and they have been coming along ever since.

In the last forty years the company has paid a total of $112,150,000 in dividends on that original investment of $1,200,000, and has accumulated a vast property, paid for out of earnings. During these forty years its 100,000 shares of stock have averaged an annual return of $28.04 per share, more than double each year the amount of the original $12 per share investment. The Quincy A. Shaw holdings of 5,500 shares, which have been kept intact, have averaged $154,000 each year for the forty years, and in the year 1899, when a dividend of $100 per share was paid, yielded $550,000. The original stockholders have got back $1,121.50 for each $12 per share invested, and in eating their cake they have kept it, for Calumet & Hecla has developed into a very large property and is destined to record far greater earnings in the future than have ever been scored in the past.

Originally it was a small property of a few hundred acres, but as earnings grew the company bought adjoining property and became a series of mines. In the last five years the company has acquired property consisting of upwards of 300,000 acres of timber and mining land in what is the richest copper bearing ground in the world, practically the only place where the metal is found in its native, pure state.

The company owns wholly in some cases, and in others the controlling interest, in fifteen mining corporations in the Lake Superior copper district, eight of which are producing the metal, and two, Osceola and Tamarack, have disbursed a total of $17,032,550 in dividends. Of 1,329,127 shares outstanding of these fifteen corporations Calumet & Hecla owns 601,840 shares.

It owns at Black Rock, a part of Buffalo, N. Y., an enormous smelting plant covering thirty-two acres, located on the Niagara River, with deep water in front and direct rail connections in the yards. Here it has a large electrolytic copper refining plant. The company also owns a fleet of steel steamers and barges for bringing mineral east and carrying coal cargoes back to the mines. One of its steamers, the *George A. Flagg,* is of 3,300 tons register.

From the wilderness which Mr. Agassiz found has been built up a settlement of 50,000 people. On the company's property at Calumet, Michigan, are thirty churches, and each church was given a certain sum of money by the company, as well as the ground on which it stands. There are also eight hundred well constructed, comfortable houses for their laborers, always let at a low rate; a hotel, club house, library with a bath house attached; a splendid hospital; a fine brick school house for a high school and manual training school; an armory with a drill hall and dancing hall; handsome houses for the officers of the company, and all built and paid for by the company.

In these houses live 10,000 workmen, and they are the highest grade of skilled miners and mechanics employed by any mining corporation. Calumet & Hecla always seeks married men so far as possible. They get thoroughly competent and reliable workers because their men are cared for in a way that does not exist elsewhere. These workers can always look forward to a pension fund founded for the old men, as well as to a very large aid fund contributed by the company and the workmen equally, and these funds have been invested in the shares of the Calumet & Hecla Mining Co. at a price several hundred dollars per share cheaper than the shares are quoted to-day. The company pays the highest wages of any mine in the Lake Superior district.

The Calumet & Hecla mine equipment is the outgrowth of countless experiments made by Mr. Agassiz; its smelters, shaft houses, electric power plant operating in all the mines, water works, railroads, locomotives and cars, air compressors, blacksmith, carpenter and machine shops are all of the most modern up-to-date construction.

From whatever viewpoint one studies this great corporation, its sterling honesty, the careful, thrifty conservation of its resources, its humane and wise handling of its workers, the more one comes to admire the high standard established

by these Ashburton Place folks of what a corporation should be.

Not only do they use their employees a little better than other employers, but the quality of copper produced is a little better than other copper. Calumet & Hecla copper is known commercially as "Lake Copper," and is of a different quality from that produced elsewhere, having superior tensile and torsional strength, ductility and conductivity, and it invariably brings a little higher price in the market than other copper.

Then, too, the folks on Ashburton Place have their own methods of disposing of their copper. Other copper mining companies dispose of their product through selling agencies, but Calumet & Hecla copper is sold from Ashburton Place directly to consumers and not to speculators. Nary a pound can a speculator buy.

Now over in London they consider copper, the metal, a pretty good speculation. It doesn't deteriorate, fire and water can't harm it, and the intrinsic value is always there. Buy cheap and sell dear, or sell dear and buy cheap is their theory. They store away in warehouses twenty-five ton jags of copper and issue against the metal copper warrants, and these copper warrants are traded in in the London market much as American stocks and bonds are traded in in this country. Every day the trading in these copper warrants fixes the price of copper the world over; that is, they think it does in London.

One time there was a Frenchman, M. Secretan was his name, who conceived a scheme for buying all the copper warrants in sight, contracting for a year or two ahead with some of the large copper producers to take all their output at a fixed price, and then arbitrarily raising the price of copper to consumers. Needless to say he did not succeed in doing business with the Ashburton Place folks.

For a time M. Secretan got away with his scheme for cornering copper. He very calmly marked the price of the metal from 13 cents to 18 cents a pound, and for several months scooped in handsome profits.

It is really painful for those thrifty, economical folks up on Ashburton Place to take 18 cents for a pound of copper, and when the metal gets up to that figure they begin to hustle. They may continue to lock the door at 2 P. M. on Ashburton Place, but out at the mines they sure do get a move on. With copper at high prices, Mr. Agassiz, the president of the company, was wont to go out to the lake and look over the plant, and it was no unusual thing for him to throw nearly new machinery on the scrap heap and install newer and better equipment that would produce more copper and do it so much cheaper that the cost of the new equipment was made up in a few months.

It was not long before M. Secretan discovered that he was up against a pretty stiff proposition. It seemed as though a veritable flood of copper had been let loose, and there was nothing for him to do but to keep on buying to sustain prices. He loaded up the banks in England and on the Continent with a tremendous tonnage of good red copper that nobody seemed to want at his inflated prices. Just before the bubble burst he got together a few million francs and absconded. Then the bankers said:

"Let us sell this cursed copper for what it will bring and get back the money we have loaned on it."

But they didn't, because the folks on Ashburton Place said:

"If you dump that copper on the market we will put the price down to 4 cents a pound."

It was up to the bankers to lug that copper for several years until it could be gradually consumed, and they lugged it.

From State Street, that busy mart of trading in copper shares with its feasts and its famines, its booms and its panics, the Ashburton Place folks have always seemed to hold aloof. They never employ press agents to recount their glories. No one ever heard of "a phenomenal strike of rich copper ore in the lower levels" of the Calumet & Hecla mine. No one ever reads analytical accounts of its "wonderfully low copper costs." One never hears that Calumet & Hecla has "run into rich copper glance on the fifth level of the Jessie-Bluestone vein, said to average 89 pounds to the ton."

Nary a yip do the speculators on State Street ever get from Ashburton Place, and for that reason Thomas W. Lawson is wont to speak of Calumet & Hecla in a somewhat disparaging tone, as "That Me and God Stock."

It was Lawson who inveigled 26 Broadway into copper shares. During the formative period of the Amalgamated Copper Company, which it was averred was to be a Titanic corporation to control the production of copper, State Street indulged in a genuine orgy of speculation in copper shares. Fortunes were won and lost in a single day.

"Standard Oil is going to buy Utah Consolidated," said rumor, and presto! Up went Utah Con. 25 points.

The next day rumor would say:

"26 Broadway is not going to buy Utah Consolidated. They're going to buy Tamarack."

Down came Utah Con. 25 points, and up went Tamarack 50 points.

"26 Broadway is going to buy Calumet & Hecla," rumor said. "Yes, sir, going to buy 'em out. Offered 'em $1,000 a share, $100,000,000 for their stock."

But they didn't, because somehow 26 Broadway and 12 Ashburton Place couldn't seem to blend.

The only thing that 26 Broadway really did buy was the copper mines of Butte, Montana; and after building a smelter costing $13,000,000, they found they could turn out quite a jag of copper by using 10,000 tons of ore every twenty-four hours; 3,200 tons of lime rock to flux the ore; 450 tons of coke and 1,000 tons of coal to melt the ore; 35,000 gallons of water per minute to wash the ore, and $40,000 per day for labor.

After paying the freight and incidental charges for assembling this enormous mass of material and buying a million acres of land to get lumber to keep the mines propped up, it is possible to get back a new dollar for an old one in Butte, Montana, with copper up around 15 cents a pound; that is, it would be if it were not for the fact that the smelter smokestacks have a way of emitting dense clouds of smoke, arsenic and sulphur fumes that obliterate vegetation for miles around. After paying $500,000 to farmers for damages to their crops and spending $3,000,000 in defending other suits, the new dollar looks like a hard proposition.

When the Amalgamated Copper Company fully grasped this important fact they proceeded to boost the price of copper up around 18 cents a pound. There was nothing else to do but get busy for the folks up on Ashburton Place.

It was not long before the Amalgamated Copper Company discovered that somebody was handing out a few hundred million more pounds of copper than consumers wanted at the prevailing high prices. They bought and bought in an effort to keep prices up until their unwieldy load became too great to carry; and then down, down, down went copper.

But they were a wise crowd, this Rogers-Rockefeller bunch, and ere long they evolved a scheme that could give M. Secretan cards and spades and beat him a mile to the post. They said:

"This copper metal is a side issue. We'll get 'em going and coming on the copper shares. We'll manufacture plenty of copper shares to go around, and then boost the price of the metal to 25 cents and keep it there until we've fed out our copper shares at high prices. If that game don't get the money nothing will."

Sure enough, copper rose by easy stages to 25 cents a pound, and it stuck there for months.

Now to the folks on Ashburton Place 25 cents a pound for copper looked like stealing milk from a blind baby. They had to get busy again.

Meanwhile the newly manufactured copper shares were climbing. North Butte was started at $15 and rose to $120 per share, 400,000 shares; Butte Coalition started around $10 and went to $39 per share, 1,000,000 shares; Calumet & Arizona went from $2 to $198, 200,000 shares; Amalgamated worked up to 120; Utah Consolidated rose to 78. Col. Greene, who said he had the mightiest body of ore in the world and all the planets and could produce copper for 4 cents a pound—though the chartered accountants said it really cost 15 cents—was absorbed; and to give an air of verisimilitude to an otherwise unconvincing market, they boosted Tom Lawson's Trinity to 42, and got Thomas going.

It was quite a success, was that scheme, but the load of copper accumulated in the process of keeping the price up around 25 cents was getting to be a tremendous burden. There didn't seem to be money enough in the world to finance copper at that price.

Then one day State Street got the surprise of its life. No. 12 Ashburton Place had awakened from its long time sleep and was buying copper shares, buying 'em in chunks, reams of 'em. Although they paid a dividend of $75 a share that year, $7,500,000, yet they had money enough left over to buy 111,729 Lake Superior copper shares at a cost of $7,398,267.23.

They came down to State Street and handed over 20,000 shares of Osceola stock, selling at $181 per share, to the dumbfounded transfer clerk, and asked him to transfer it to the name of the Calumet & Hecla Mining Company.

"Well, of all things," said the surprised market manipulators. "While we have been handing out these copper shares to the rubes these Ashburton Place folks have actually been buying 'em. Wouldn't that jar your slats? Did you really think they was that easy? Ha, ha, ho, ho, and then some. Stung again! Ye-bo!"

The next week they didn't laugh. Those Ashburton Place folks sent around a circular to the Osceola stockholders which said:

"We have bought 22,671 shares of your stock. How would you like to have us manage the property, increase production and cut down costs?"

And the stockholders, all except the controlling stockholders, fairly howled with joy, and said:

"You bet yer life."

Then the Bigelow-Hyams-Amalgamated crowd who controlled and managed Osceola with small actual holdings of the stock, and had been fetching in Butte copper and mixing it with Osceola Lake copper and selling it as "Prime Lake Copper," got hot under the collar and they yelled good and loud. It is a fair guess that they were short of their own stock.

Shortly before the date set for the annual meeting of the Osceola Company they hiked out to Michigan and in great haste, without notice to the Ashburton Place folks, succeeded in getting a bill through both houses of the Michigan Legislature which practically took away the rights of mining companies to vote on shares of other mining companies previously purchased under the authority of a preceding act.

Well, then, that Bigelow-Hyams-Amalgamated crowd did sit down and laugh, and they said:

"We'll take that stock away from those Ashburton Place folks at $11 a share, and it's a good bet that they paid $149 a share for it."

But they called off the 2 o'clock closing hour at Ashburton Place and hit the trail for Michigan, with the result that the governor refused to sign the bill, and it failed to become law.

The last thing in the world that the Bigelow - Hyams - Amalgamated crowd wanted was increased production, as they were then carrying an enormous tonnage got the metal. So they set up a howl that Calumet & Hecla was seeking to establish and maintain a monopoly for the purpose of mining, smelting, refining and selling copper contrary to the Sherman Anti-Trust Act, the Michigan Anti-Monopoly Law and common law obligations, and they got out an injunction restraining Calumet & Hecla from voting the Osceola stock until the courts could decide the point. To make a god job of it they bought 23 shares of Calumet & Hecla stock and filed another bill in the same court against the company alleging that it owned more than 50,000 acres of land, which, they maintained, was contrary to Michigan statutes.

Meanwhile the Butte mines closed down; Col. Greene's wonderful 4 cents a pound producer closed; the marvelous 3 cents a pound producer, Utah Consolidated, shut down, but out at the lake the Calumet & Hecla mines were running full tilt.

There ensued long drawn out and very costly litigation. In the end the Ashburton Place folks won out on the main points at issue. Other litigation would doubtless have dragged through the courts for years had it not been that in

the matter of a show-down—either Buy or Sell—the Bigelow-Hyams-Amalgamated crowd founnd their bluff called, and at a cost of $8,592,129.99 Ashburton Place took away from the combination its interests in the Lake Superior copper mines.

For the first time in its history Ashburton Place had to borrow money to finance the deal, and issued $8,519,000 in notes, which found ready and eager buyers.

It may be that this is the end of the story, perhaps. You never can tell. As Sir Lucius O'Trigger would say:

"The quarrel is a very pretty quarrel as it stands; we should only spoil it by trying to explain it."

They are closing now up on Ashburton Place at 2 P. M. as usual and all is serene. Down on State Street is heard the rumor of merger upon merger of copper mining corporations, but when the time comes for the grand merger of the merged to boost the price of the metal to 20 cents or 25 cents a pound it is likely that the Ashburton Place folks will bestir themselves and prepare to largely increase their output of "Prime Lake Copper."

Out of the Picture.

WHEN the late E. H. Harriman completed that wonderful engineering and railroad feat known as the Salt Lake cut-off there was a celebration and Harriman took a large party of big railroad men out to it.

They had their pictures taken at the right spot scenically. Mr. Harriman stood at one end of the group. When the pictures were printed and the photographer brought them around, the railroad men examined them.

"Why," shouted one of the guests, "where's Mr. Harriman?"

"Do you mean that little chap that stood at the end?" asked the photographer. "Why, I cut him off."—*Saturday Evening Post.*

Cheerful Andy.

STARTING for Europe, Andrew Carnegie said to the reporters: "As to the steel situation? why, I am out of the steel business; in fact I steel no more." Then with his smile he sailed away.

He also said he looked for an era of unprecedented prosperity in America and maybe elsewhere. He pulled a postal card on the reporters expressing these sentiments in verse that he indorsed in prose:

Let the scowler scowl and the howler howl,
And the politicians go it;
I don't care what the pessimists say,
The country's all right and I know it.

Quotations.

FROM post to post I saw them flit,
Their frenzied bidding never quit,
The demons of the Lower Pit.

And somewhere in the upper air
I saw an angel bright and fair,
A magic ticker scan with care.

And read the tape with anxious frown,
To see if Smith or Jones or Brown
Was going up or going down.

—*N. Y. Times.*

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

IX.—The Distribution of Union Pacific as Shown by the Figure Chart.

THE five point figure chart of Union Pacific furnishes interesting material for study.

Mr. Harriman was a master of manipulation, and Union Pacific was his principal medium. When he realized his end was approaching, he brought about a great rise in this stock, this rise culminating in the neighborhood of 219. It was Mr. Harriman's custom to drive a stock way beyond the price at which he desired to sell, and, having reached his objective point, he would unload as fast as the market would absorb the stock, allowing it to rally occasionally when it became extremely weak. In this case his real selling price was 210, hence by putting the stock up to 219 he could sell all the way down to 200 and thus realize about his average.

The one point figure chart would, of course, show all the minor movements in this stupendous speculative play, but such a chart would extend over several feet of paper. We obtain a better and more condensed view by using the five point figure chart, which shows that the stock after touching 219 reacted to 211, rallied to 216, declined to 204, and rallied to 210. These fluctuations were sufficient to show the downward tendency of the stock.

Assuming that by this time Mr. Harriman had unloaded all the stock he desired to sell, let us see what happened. Rumors of his serious illness and a possible operation began to spread, and the mere possibility of these things caused the stock to decline to 195. On reports of Mr. Harriman's recovery, there was a rally to 203. When the actual fact became known that the financier had undergone an operation, he having previously arranged with other prominent interests to support the market, the stock began to sag off again.

On the 9th of September Mr. Harriman died, and 193¼ was recorded as the low point for Union Pacific. There was a very heavy short interest, but those who had sold had played into the hands of Mr. Morgan and others who for days past had been taking everything that had been offered at gradually receding prices.

The day after Mr. Harriman's death the stock started upward almost at the opening, and two days later sold at 210, a rise of 17 points in 48 hours. The shorts were compelled to cover, and the financiers who had protected the market were easily able to sell out what they had been obliged to buy. The figure chart shows all this accumulation between 203 and 194, as well as the rise and subsequent distribution from 210 down.

The stock has never since sold at 211, and the drooping tendency, even at this writing, is still apparent, nor does there seem to be up to this time any important accumulation, the first extreme low point, 179, being followed by a rally to 193, and a gradual balancing of the price in the neighborhood of 184; then followed a rally to 189, mostly on the strength of a large short intereset, and a subsequnt decline to a still lower level—176, a rally to 186, then the twenty-five break to 166 June 4, 1910.

Until the downward formation which appears on the chart of this stock is reversed, and the figures acquire the appearance of "building up," it is not likely that there will be any great upward movement in Union Pacific, although, of course, it is possible for some sudden de-

Five Point Figure Chart of Union Pacific February, 1909, to June, 1910

velopment or move on the part of the insiders to bring about a perpendicular rise.

THE FIGURE CHART OF 20 STANDARD RAILROADS.

As previously suggested, in order to get away from the small movements and minor influences of the market, we must condense the picture, and there seems no better way to do this than by the use of the figure chart showing the movements of a group of the principal stocks.

No single stock can be relied upon to give indications as to the trend of the whole market. The average prices of the "Big Six" previously referred to, namely, Union Pacific, Reading, St. Paul, Steel, Copper and Smelters, should make a very good indicator, but the very best guide for the long trend is undoubtedly the average price of 20 standard railroad stocks.

For many years Dow, Jones & Co. have published in the *Wall Street Journal* the average prices of 20 railroad stocks and 12 industrials. These stocks have been heretofore enumerated, and while if the list were being made up today there would be some others substituted for certain issues now included in the list, the averages as they now stand are valuable because they have been recorded for many years, and therefore form a substantial basis for comparison.

These averages are made up from the bid prices of the included stocks at the close of each day's session. They do not therefore record the daily high and low prices, but rather, after all the fluctuations of the day are recorded, they give the net result of that particular day's work.

The railroad stock averages are the most reliable guide, because the railroad business is on a very solid and substantial basis, and the majority of stocks included in these averages having established their investment value based on earning power and dividends. The industrials, it might be said, are still in the formative stage, although the principal corporations in the industrial field are rapidly approaching modern investment standards; but this condition requires further ripening, and we therefore consider that if one had to choose the one best guide to future movements of the stock market, he should select the average prices of twenty railroad stocks. Our figure chart of these prices from December, 1900, is therefore worthy of study and investigation, as it is of unquestioned value in forecasting the market at any stage.

It is remarkable how all these figure chart movements bear the same general characteristics. When a definite trend has once started, the oblique formation is so apparent that you can almost draw a line that will mark the limit of the tops and bottoms of the swing. Other obvious points are the half way reactions, the tendency to make double tops, and failure to overcome previous important tops or bottoms, which are in reality points of excessive supply or demand—points of resistance.

Still another important feature, which also applies to all charts, is this: When a price overcomes an important point of resistance and emerges into new territory, it is a pretty good indication that the movement will carry along for some distance.

It will be noted that the long horizontal formations on this chart in common with other figure charts, indicate accumulation or distribution, depending upon whether these appear at the top or the bottom of a swing. Observe the long lines around 109 at the beginning of the chart; the density between 92 and 97 in the year 1903; the distribution at 131 and above in 1905 and 1906, and the accumulations in March and November, 1907.

This brings us up to the culmination of the latest bull movement, which was in 1909. In this case the lines became solid, with a tendency downward, 134 being the apex, and 129 the base of the triangle here formed. By February, 1910, the average price had declined to 119, followed by two rallies, one to 125 and the second to 124. Then a still lower level was touched—118 in May, followed by a rally to 123 and another break to 116, where the figures stood on June 3, 1910.

It is, of course, apparent from these figures that the trend is strongly downward; the oblique line with its top at 134,

Figure Chart of Twenty Standard Rails
December, 1900, to June, 1910

shows that unless the tendency changes, we shall witness a further period of declining prices. Seldom has this tendency been interrupted once it has gained headway. The double top of 1906 was an exception, and it could hardly be said that the dense formation of March, 1907, was an indication of higher prices because of the market's inability to rally into new territory.

It must be borne in mind that individual stocks can fluctuate considerably without these average prices being changed; for example, during seven days in which the figure 121 was unchanged on the chart, the following fluctuations occurred in three principal stocks, all of which are included in these averages.

	High.	Low.
Union Pacific........	184⅛	181⅛
Reading	164¼	158¼
Southern Pacific.....	128½	125⅜

As some of the twenty active railroad stocks are high priced and others low priced, some fluctuate only half a point, while others will range two points in a single day. The total difference in the average prices would, therefore, have to be small. Further, one stock may advance three or four points, while the others may show a sagging tendency. The result on the averages would be practically nothing. This explains why the averages are a better indication of the general trend than any one or two stocks.

In the next issue Rollo Tape will further elucidate the use of the Figure Chart.

How to Select Investments

By WILLIAM WALKER

VIII.—Judging the Value of Railroad Securities.

IN the first place, the investor should bear in mind the two important classes of securities:

First, those which are so abundantly secured that no question will ever arise as to their soundness, no matter whether business conditions are good or bad. If the earnings applicable to pay the interest on a railroad bond have been, over a period of years, four times as much as the amount required to meet that interest, the bond may be considered as above all fluctuations in earnings and further investigation in regard to the character of the property may be waived. The price of such a bond would depend almost entirely on the money market, and the money rate is the important thing to consider in deciding whether or not the bond should be purchased.

Second, securities on which the earnings applicable have proved, over a series of years, less than four times the requirements. Such stocks or bonds will be affected by the earning power of the road to a greater or less degree according as the surplus above interest requirements is less or greater.

LENGTH OF PERIOD TO BE STUDIED.

It is natural for investors to look at the present earnings of a road as the measure of the value of its securities. Experience shows, however, that earnings will fluctuate from year to year to such an extent that it is not safe to base conclusions on a single year or even five years. An average for about ten years is needed in order to even up the minor changes in earnings which depend upon the fluctuations of activity in general business.

The study of a ten years' average in this manner will often enable the investor to pick up good bargains. In a time of dull business and restricted earnings the prices of railroad securities will be affected by such conditions more than is warranted when a broader view of the situation is taken. Under these conditions it is always possible to select roads which are certain to recover their large

earning power when business improves. A ten year average will quickly indicate such securities, in the absence of any special conditions injurious to the particular issue under consideration.

All earnings should, for purposes of study, be reduced to a mileage basis; that is, earnings for the year should be divided by the average mileage operated during that year, in order to arrive at a fair basis of comparison with other years or with other roads.

FIGURING EARNING CAPACITY.

It is of little use to figure the rate per mile at which a bond is issued, the amount of prior bonds outstanding, the total capitalization per mile, etc., except for purposes of comparison. The only test of the value of a security (aside from the condition of the money market) is the earning capacity of the road as affecting the particular stock or bond under investigation.

Take, for example, Norfolk & Western Ry. first consolidated 4's. You figure as follows:

10-year average net income per mile, N. & W. Ry.	$5,398
Interest requirements per mile for five issues of bonds having a prior lien, total	555
Average income per mile available for first consolidated 4's	$4,843
First consolidated 4's outstanding per mile being $24,150, interest required per mile is	840
Balance above requirements	$4,003
Margin of safety thus shown	83%

As the Norfolk & Western is a well maintained, economically operated road, in a growing territory, these first consolidated 4's are evidently, from the above figures, above and beyond the influence of fluctuations in earnings.

For the common stock of the Norfolk & Western you would figure as follows, all items being ten-year averages per mile of road:

Net income	$5,398
Fixed charges	2,165
Preferred dividends, 4%	523
Balance for common	$2,710
Paid on common, average rate 3%	1,047
Surplus	$1,663
Margin of safety for common	60%

CONDITIONS AFFECTING EARNING CAPACITY.

In making a more detailed study of earning capacity, a variety of influences must be considered. Mr. Henry Fink has enumerated them as follows:

1. Location and construction with reference to sources of traffic and economy of operation.

2. Character and amount of transportation facilities, terminals, etc.

3. Degree of success of the efforts to develop the resources of the country and in locating commercial, manufacturing, mining and other industries which afford traffic.

4. Volume and character of the traffic.

5. Conditions affecting the value of the service; that is, the rates of transportation which can be charged to the customers.

6. Competition with other railroads, water lines and between markets.

7. Good will of the customers, and good feeling generally of the people.

8. Skill, industry and honesty in the financial and physical operation of the road.

The different factors in earning capacity are found to group themselves under three general heads:

(1) *General.* What is the character of the territory in which the road operates? Are population and wealth increasing? What is the proportion of manufacturing and general business to agriculture, and is that proportion increasing? Is public sentiment in that territory favorable to railroads or hostile to them? Is the foreign commerce of that section increasing?

Also, is the management of the road composed of practical railroad men or is it speculative? Is the road managed on the field, or is it managed from Wall Street?

(2) *Operating Conditions.* Are the roadway and equipment being properly maintained and improved in comparison with previous years and with other roads similarly situated?

What is the character of the traffic hauled—coal and iron ore, lumber, agricultural products or miscellaneous freight? Of course the miscellaneous freight and manufactured articles pay

the highest rates and should normally show some increase in proportion to other traffic.

Freight density and passenger density are to be considered. By freight density is meant the freight tonnage multiplied by the number of miles said tonnage is hauled, and divided by the total mileage of the road. Likewise passenger density means the total passengers multiplied by the miles carried, and divided by the mileage of the road. These figures are useful for yearly comparison and for comparison with other roads.

The average train-load, train-mile earnings and average rates should also be studied in comparison with previous years and with other roads. A small change in the train-load or in train-mile earnings will make a big change in the total of net earnings at the end of the year.

(3) *Statistics of Income.* These are easily obtainable from current statistical manuals. Net earnings, other income, fixed charges, and margin of safety are the most important points to be noted. The general method of using the figures has been shown in the illustrations given above.

RAILROAD REPORTS.

The best and most convenient sources of information are the annual pamphlet reports of the various roads, the yearly statistical manuals, such as Poor's and Moody's, and the reliable monthly pocket manuals which compile current earnings. The following condensed statement of the principal points to be considered in reading a railroad report may be of interest.

Compare year by year:

Income Account.

1. Gross earnings per mile operated.
2. Per cent. of operating expenses to gross earnings; affected by:
   - (a) Rates.
   - (b) Class of freight hauled.
   - (c) Character of equipment.
   - (d) Condition of road-bed.
   - (e) Empty car mileage.
3. Per cent. of cost of maintenance to operating expenses.
4. Ratio of net earnings to fixed charges.

Balance Sheet—Note changes in:

1. Funded debt.
2. Floating debt. (Is it balanced by current assets?)
3. Capital stock.
4. Compare changes in rentals with changes in income of rented lines.

Physical Condition and Management.

1. Freight density (= ton-miles ÷ mileage operated.)
2. Passenger density (= passenger-miles ÷ mileage operated.)
3. Train-loads (= ton-miles ÷ freight-train mileage, or passenger-miles ÷ passenger-train mileage.)
4. Locomotive-miles yearly.
5. Tonnage per car yearly.
6. Proportion of local to through business.
7. Mileage of foreign cars.

Market Philosophy

UNWRAP from its napkin that talent in the safe-deposit drawer.

Remember, that the most paltry way to lose is—not to use!

In the whirl of excitement, keep your head level.

Listen most to those who talk lowest and promise least.

But, having resolved what to do, be prompt.

He that lingers till to-morrow buys dear what was cheap yesterday.

He either fears his fate too much,
Or his desert is small,
Who dares not put it to the touch,—
To win or lose it all!

Do Market Letters Help the Trader?

By FRANK H. TUBBS

Interesting Comments by a Writer Who Has an Intimate Knowledge of the Situation.

EVERY phase of speculation is dominated by human nature. Study of speculation becomes eventually the study of the different manifestations of human minds. Education which leads up to that goes through the several books, primary, secondary, collegiate, etc., which include knowledge of stocks, statistics of corporations, influences of money and politics, and dozens of like subjects. It is necessary to study such books but, after all, they are preparation for the greater study of human nature.

The makers of the market are masters of the book of human nature. Manipulators know the public; they know the groups which make up pools, they know brokers and their clients. Every move made by manipulation is in response to some conception of how that move will be received and how they can turn its reception to their own profit.

There are no stronger or more active brains in the world than those of the manipulators who operate on the New York Stock Exchange. A volume might be written on their motives, reasons and actions and the subject would not be exhausted. For now, attention is called to their ability, to emphasize the fact that we who are seeking a living by speculation are obliged to match our ability against theirs.

Those who succeed in the stock market come to read the manipulators' plans of action. Rather, we go back of that into their motives and forestall them. That is, we act on their plans ahead of their own action. From this point of view the speculator becomes the greatest student of human nature because he is studying the most active application of device, ingenuity and demonstration.

Often, we hear the remark that we are playing against "stacked cards." Aside from the fact that we are not playing a game at all, there are no "stacked cards." Insiders have certain powers through which they arrange to carry on a campaign or maneuver within a campaign. But, in regard to most important corporations of the present day there is very little which cannot be learned by the close student and what cannot be known by such student would not be much help to manipulators.

Take any prominent example of manipulation which has fooled the public in the last decade, which has disposed of stock at high prices and has wiped out fortunes. Not one of them has fooled deep students of the situation.

When the United States Steel Corporation floated its great issues in 1901-2 were wise men fooled? No. They said, "This is a new corporation. We don't know it. There are other stocks which are safer. The common stock is water. It has been given as a bonus. It must be distributed." Personally, one wise man said to me, "Don't touch it. It may go to par as they say it will (it was then around 50), but I see 10 in it first." He was right. He knew the nature of manipulation.

When Amalgamated Copper was held between 90 and 121 for so long a time with the metal selling around 26 cents were wise-men fooled? The public was, but those who had gone into their post-collegiate course, shook their heads and let copper alone. Were wise men buying Col. Fuel at 90 or Hocking Coal and Iron at 80? Why not? They knew better. They knew the minds of manipulators. They were educated. They studied human nature. There is no phase connected with speculation from which similar study can be eliminated.

Market letters are part of the ma-

chinery of speculation. Not such a vastly important part as their writers would like to think, but they have their place. As it is the intention of THE TICKER to make every article worth dollars to its readers, I propose to give something before I finish which will be worth at least a dollar to every student. It may not be worth much to those who won't think and I don't propose writing for them. But I doubt if readers of this magazine are non-thinkers.

Market letters are written by men. That last word does not exclude women, for one of the cleverest writers that I know about is a woman. By "men" I mean human beings who have all the nature belonging to humans. Every market letter is an expression of the man who writes it. There are no two letters alike and there cannot be, because no two men are alike. Every conscientious letter writer has much good in him. He is also sure to have failings and weaknesses of human beings. Those who take market letters and seek to speculate on advice in them need to study men who write them. If they can get into the mind of the writer, they can use the letters; if they cannot, their letters become dangerous. It requires education to follow advice. In those few postulates is material enough for our present writing.

The individual speculator, in his early years of trading, feels his deficiency. If he does not at first, some hard blow brings him to the sense of it. It is that distrust of himself or the knowledge that he cannot speculate successfully which makes him turn to another for help. He reads advertisements in a certain Sunday paper, which offer service for a small monthly fee which will insure his making money. So anxious is he for money that he grasps the offer.

Does he get the help he expects? Generally, no. Why? He is not prepared to read the market letter when he gets it. He tries to trade on its advice and loses. Then he blames the writer of the market letter. The fault was in himself. He thought a market letter would say, "Buy a certain stock at a given price and sell it so many points higher," and have it right nearly always. That would be very nice. It would ensure the subscriber a fortune. That would be an ideal market letter, for it would relieve the trader from the burden of thinking. No matter if it did sap his manhood and spoil him forever from enjoying life, it would give him a lot of money. But, that plan would be too easy and the man who could write such a market letter would have such education and development of brain that he would have mastered the minds of manipulators. He wouldn't write market letters long because he would be so big that he would be hired by the manipulators themselves at a fabulous salary.

Now, every conscientious market letter man is seeking to get just as near to this ideal condition of mentality as he can and some of them get pretty close to it. Their letters are valuable and are a real help to student speculators.

Again, I differentiate them between thinkers and non-thinkers and emphasize the fact that patrons of market letters must make serious study of the letters. That is, learn to read between the lines back into the minds of the writers. By so doing they can become able to know when to follow the advice given, and when not to, to formulate a way of using the letters which can be of positive help; to make the market letter a powerful assistant to their own judgment; to utilize the education of the letter writer in furthering their own education. It sums up to this, that the market letters are building you—the speculator—for future usefulness to yourself and family. As such help market letters have a useful place and should not be condemned. When a man says, "Market letters are no good," he is simply saying he does not know enough to use them.

If letters cannot tell you exactly what stock to use, where and when to buy and sell and be always right, what good are they? As suggested above, such a letter is impossible. We never reach ideals this side of Heaven. Letters are good in proportion to their approach to the ideal.

Mr. Keene is quoted as saying that if he could know correct action four times out of seven, he could make fortunes. There are a dozen market letters

which do better than that for those who have education enough to use them. A market letter written by a conscientious student, a good tape reader, and a clear-headed writer, can point the way to fortune to any equally earnest and studious speculator. The speculator must do his part.

A certain well-known letter writer has given advice during the last few years which is simply invaluable. I do not say it has been correct always, but if any man studies his letters so as to use the real meat in them he can make money. The letters written by another writer are worth much money. They must be used with discretion. I can tell my own experience. Many years ago I took them, made some money but lost more. Why? I didn't know how to use them and it was my fault. To-day, having learned something more about trading, I believe I could take them and make money. So could you if you knew how.

Another writer whom I have in mind is one of the most conscientious men who writes letters and, as said above, the letter written by a conscientious man always has great good. I am prompted to tell tales out of school. One day this writer was in my office when the ticker was reeling off prices which showed the market going contrary to his advice. His face sobered as he thought of his clients until he could stand it no longer and tears trickled down his cheeks.

"There," I said, "that is enough for me. A man who is as conscientious as that is good enough for me." But you must study him. You must do your part.

Still another writer openly confesses that he is sometimes wrong, but in a good deal better than "four out of seven" he is right. And, the speculator who properly protects himself with stop-loss orders getting "small losses and large profits" can be very greatly aided by his advice. I have known several others to give surprising advice which could be used to the utmost advantage by speculators of education who will use sense.

Therein lies the whole point. It is "up to" the speculator whether or not market letters will do him good or not. If he will regard them as the work of a human being and not of a god—if he will study human nature and not be a dullard—if he will stop his sense of condemnation of what is unfortunate but unavoidable—if he will learn to see the good and eschew evil—he will find market letters of value to him many times above what is charged for them. They are textbooks in the school of speculation.

Remember that the man who gives the advice does not give the intelligence necessary to follow that advice. It may be that he injures his letter by trying to furnish intelligence to others. Something should be left to the man who carries out orders—latitude in discretion.

An officer issues an order to his soldier. He cannot know all the circumstances which may surround the execution of that order. When he learns that the work has been accomplished he does not care what makeshift the soldier used to carry it out. But the soldier, by his ingenuity, quickens his wits and makes himself useful for the future. In the same way the speculator by adjusting himself to circumstances in following advice makes himself a better speculator. The result is ahead always. What will we have accumulated a year or five years ahead is ever to be kept in mind. Whatever you have will be the result of your own developed ability and all aids to that end should be employed.

The history of the market letter industry presents interesting facts, one of which is useful to speculators. As prelude to its statement, I would say that good market letters are in themselves very useful to traders. A step stronger: they are necessary to traders, especially of a certain class. This necessity and desirability has given rise to the business and makes it permanent. At the same time it has given ground for the historical fact referred to. That is, there are three classes of market letters.

First, those written by irresponsible parties who live by their wits, banking on public foibles. When the races were attracting public betting, men from

among bookmakers and their helpers, when race tracks did not hold their attention, turned to the stock market public and sent out market information. Very often their market letters were published for a few weeks or months and then were discontinued.

This leads to the question how speculators can avoid patronizing this class. For it goes without saying that sooner or later the speculator will lose by patronizing it. The answer is, to avoid subscribing to a service which has not continued several years. The thought comes, "How can a market letter become established if it has no patronage?" There will be enough patrons without having any of the readers of The Ticker, to let it live through its probationary period.

The second class of market letters comprises those published merely for the sake of getting subscribers and making a business. As a rule, the writers make no serious study of the stock market. Their information is gathered from gossip and so-called "inside information," which is more often wrong than right, and at best unsafe to follow. If there is a distinctive sign by which readers may know this class it is in their advertising, and, therein lies another line of education needed by traders—how to read advertisements. Extravagant statements and extraordinary promises are generally the implements of this second class of market letter men.

In the May number of The Ticker, under the title "Stolen Goods for Sale," a stinging rebuke was administered to venders of stolen lists of names. The writer might have gone further and applied the same to "inside information." For, if it was really what that term implies, the information is invariably stolen. The success of a manipulative movement depends upon absolute secrecy. (There may be one phase of a movement which needs the getting of a following but that has little bearing on the general question.) If the plans of insiders are disclosed someone has guessed them or a trusted employee has been dishonorable. Do you want to buy stolen goods? If not (and the great majority of speculators are honest men and women), consider the fact that market letters of the second class are published only to catch subscribers, and are not built on strict honesty.

The third class of market letters, which is the largest and best, is that made up of conscientious students and honest men, who give their whole lives to the business. Are there many such? About forty at the present time. How they gain their knowledge on which to give advice leaves room for a series of articles. Suffice it to say, for now, that they keep charts and records, study them not only from day to day, but from year to year, and they have learned how to make deductions which are correct a majority of times. They have been publishing their letters long enough to be known by name and reputation in the Street, and long enough to merit approbation from many people.

These letters have value, and a degree of value according to the way they can be used by individuals. That latter thought must never be forgoten, for ultimate results depend on the education of the speculator. The letters of every writer of this third class appeal to their own circle of friends. The letters of one man will not answer for everybody. The letters of everyone of this class are invaluable to its own special group.

How to tell speculators the way to find their own helpful letter is a difficult thing and it is pretty severe to have to try a lot of letters before finding one which the individual can use, but the results of successful speculation are so astonishing, that any amount of hunting which leads to a successful find will pay. If one were to ask how he may know if he has found a good leter the answer would be in his own consciousness. When found, the leter will establish a feeling of trust which will be assurance of its worth. True, when the speculator has learned to use the letter he will make money, and make it abundantly.

The conscientious market letter has a proper place in Wall Street. It is much maligned but that oft-heard condemnation is only confession that the people making it have been mentally unable to understand the market letters.

Harriman Episodes

As Related by "An Associate"

HARRIMAN'S ambition was popularly supposed to be the acquisition of an American *transcontinental railroad.* How little the Harriman mind was known! Harriman's ambition was not only to be arbiter of the American railroad field, as much as a private citizen could be arbiter, but *to have a railroad around the world!* Two or three lines from the Atlantic to the Pacific were already his. Amongst his plans was a comprehensive scheme of railroad development in Manchuria, and the building of another across Siberia and European Russia. These plans were in no embryonic stage. They had been well thought out. The Manchurian project was fairly well in hand and the Russian Government had been approached on a new trans-Siberian project. Furthermore, Mr. Harriman planned to be the foremost banking power in the world. So far had his plans in this direction progressed just prior to his death and so quietly had he been working, that banking powers of Wall Street were dumbfounded to learn that a new colossus was in their midst who promised successfully to challenge their supremacy.

* * *

Ryan had antagonized Harriman and the financial world looked for trouble. Nothing happened—at least in the public view. But here is something that the public will be very much surprised to hear: Less than a year ago J. P. Morgan, anxious to extend his banking influence, went to Mr. Ryan, an eager bidder for Mr. Ryan's Equitable stock. Mr. Ryan was embarrassed. He was obliged to say: "I am sorry, I have sold half my interest in the Equitable Life to E. H. Harriman!" Mr. Morgan was angry and chagrined, not to say, astonished. Harriman had bought control, for it amounted to control, of the Equitable, and nobody knew anything about it!

* * *

The *par value* of the capital of the Chicago & Alton prior to the reorganization was about $39,000,000. After the reorganization it was about $105,000,000. Ergo, the critics said, the watered capital was $66,000,000. But *par value* is one thing and *real value* another. Although the *par value* of the Alton at the time of the reorganization was $39,000,000, the *market value* was about $55,000,000. The Alton Syndicate paid over $39,000,000 for the $22,000,000 stock alone. And while the *par value* of the Alton after reorganization was $105,000,000, yet the new securities were 3 and 3½ per cent. bonds and not 6 and 7 per cent. bonds, as were the old securities, which the syndicate refunded, and non-dividend paying stocks instead of 7 per cent. dividend paying stocks. The truth of the matter is, that the *actual value,* the *market value,* of the capitalization before the reorganization was only about $7,000,000 to $8,000,000 less than the market value after the reorganization, allowance being made for the $22,500,000 actual cash expended by the syndicate for improvements and additions. This difference of from $7,000,000 to $8,000,000 represented the possible profit of the syndicate. That it was a moderate profit is evidenced by the fact that it equals roughly 10 to 12 per cent. on the entire outlay of the syndicate over a period of two years or more. Without going further into details, I challenge contradiction of the essence of this statement.

In justice to Mr. Harriman it should be said that he was only one out of a hundred individuals and firms that comprised the Alton Syndicate, although

* From the *Metropolitan Magazine.*

this fact seems to have been lost sight of; that he was in the West and in Alaska during the working out of the details of the reorganization and was not conversant with them, this work having been done by the other syndicate managers; that he carried on his broad shoulders all the unwarranted abuse and criticism of the reorganization when it was so sensationally aired in 1907, and that during the few days he was in the witness chair, racked with physical pain and suffering, he never once whimpered or pleaded ignorance or sought to put any of the responsibility on his associates.

From the time Mr. Harriman and the Alton Syndicate purchased the property and his relinquishment of control, the road was almost entirely rebuilt. Its gross earnings increased more than $6,000,000 or 90 per cent., its freight capacity increased 203 per cent., its passenger capacity, 100 per cent. and its locomotive power 134 per cent. The service it rendered the public was practically doubled. The rates which it charged the public were 47 per cent. greater in 1898 than in 1907, when Mr. Harriman severed his connection with the property.

The writer knows some stockholders of the old property who did not sell their shares to the Harriman Syndicate. They hold them yet and say that they have made money and have nothing to complain of. The reorganization syndicate made money, although, as shown above, not to an immoderate degree. The property itself prospered and the service it rendered was immensely improved. The traveling and shipping public were benefited, as witness the fact that they were obliged to pay 47 per cent. more in freight rates in 1898 than in 1907. If anybody lost money or was financially injured as a result of the reorganization, he has yet to come forward and make the loss or injury known.

* * *

Mr. Harriman was popularly called a stock-jobber. His education was largely in Wall Street. His work was primarily in the development of this Nation's industries. He was the owner of Wall Street securities—what man of means is not? I well recall one afternoon about three years ago. The panic of 1907 had just begun to thunder. For several days the markets had been sliding off. On March 14 leading stocks broke from ten to thirty-six points. The "bears" were having a field day. Values were shrinking everywhere. Operators for the decline were selling stocks "by the ream." *Bona fide* investors, large and small, were being ruined. That was one day Mr. Harriman had to keep an eye on the ticker. The market closed demoralized. He telephoned H. H. Rogers and William Rockefeller to come around to his office. They came. He said the "bears" should be put to rout and called for ammunition. The next morning prices of American stocks came over from London up five points. The New York Stock Exchange opened amidst great excitement. The room was full of buying orders. Prices began to jump. The "bears" were panic-stricken and put to rout. Stocks closed up five to sixteen points from the preceding day. It was Mr. Harriman's work. According to his custom, he had silently stepped into the breach to restore confidence and protect credit.

* * *

Last summer nearly everyone in Wall Street was bullish. Stocks were going up. "Look out," said Mr. Harriman as he sailed away to Europe in search of health, "for if you have a forty-two story rise you will invite a forty-two story fall." But the market continued to go up, particularly the so-called Harriman stocks. Some ambitious men of the Harriman party were the heaviest buyers. At their instance a man of title touted Union Pacific preferred around Europe on the ground that there was to be a distribution of the assets in the Union Pacific treasury. These men also inspired similar stories in the New York press and the stocks soared madly.

Mr. Harriman in Europe knew that a group of men, amongst them some of his closest associates, were inspiring these stories of a distribution and putting the stocks up beyond reason. Could it be that they would attempt to take advantage of his absence and distribute

the enormous assets he had worked so hard to gather, or were they simply making an unwarranted market? In either case, he was conscious of his power and ready to meet the issue. He quietly ordered fifty thousand shares of Southern Pacific stock, held in the Union Pacific treasury, sold. He followed this by the sale of thousands upon thousands of shares of his own holdings of both Union Pacific and Southern Pacific. The conspiring men in Wall Street suddenly found that they were buying more stocks than they wanted and at very high prices. The advance was checked and a rapid decline to a reasonable level began. The conspirators heard the voice of their master and scampered like so many wolves.

* * *

Mr. Harriman's death changed the entire course of Wall Street history and the trend of developments in the transportation field. Had he lived he would have finished doing to the railroad situation in the East what he did to the railroad situation in the West, and the Pennsylvania Railroad would have had a rival worthy the name. Because of his death the East has lost ten years of railroad development and even more that has been lost to the South. How far Mr. Harriman would have proceeded in the Orient is a question, but that he would have built the Manchurian railway and driven a trunk line into the heart of Siberia I firmly believe. But his banking ambitions would have overshadowed all else, for Mr. Harriman had his plans well laid for the establishment of a banking institution in Wall Street, with himself as president, whose deposits would have exceeded five hundred million dollars.

* * *

For nearly thirty-five years Mr. Harriman worked his way, a comparatively unsuccessful man. But little more than fifteen years ago he was known in a few of the great banking houses of Wall Street as an untiring but fruitless worker whose persistence made him somewhat of a nuisance. A banker referring to that time says: "He used to come into our office after a day's work, pale and worn out, urging recognition for some scheme or another which he might have in mind and he used to excite my pity as he went off wearily on his way after being repeatedly turned down." What a commentary on the life of a man who was destined shortly to sweep, a blazing energizer, across the financial firmament upsetting old traditions and policies, demolishing the "spheres of influence" of slothful aristocrats in transportation, now defending, now attacking, but always conquering, throwing millions and hundreds of millions of dollars annually into the great American vortex of business and making the nerves of trade and industry and finance north and south and east and west quiver and strain with the force of his incessant effort! And what a lie it all gives to the popular notion that a man must be set down as a success or a failure forever at fifty years!

The Bargain Indicator

Important Changes Caused by the Sharp Decline

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

CORRESPONDENTS frequently write to ask why the earnings on some stock as given in the Bargain Indicator do not agree with those published elsewhere, or sometimes with the earnings quoted in our own Investment Digest.

While we do not claim to be entirely superior to clerical or typographical errors, in all cases so far these differences have been due to the fact that in the Bargain Indicator we calculate the earnings of each stock for the *twelve latest months* available at the date of going to press. Other publications frequently take six month's earnings and multiply by two to get a full year's earnings—a method which is very inaccurate on account of the seasonal fluctuations in the business of the railroads and to a less extent of the industrials. In other cases earnings are merely estimated as likely to equal a certain per cent. "for the present fiscal year"—a large element of guess work of course being present in such an estimate. Readers will usually find such differences easily explained if they notice carefully the exact period covered by the earnings mentioned, and whether such earnings have actually been made public or are merely estimated.

The fact is, the majority even of financial publications are as free and easy in figuring the earnings of a railway as the newspapers are in counting up Rockefeller's millions. It is a very simple matter for a reporter, having a little space to fill, to dash off the statement that "earnings of P. D. & Q. are increasing and it is estimated that over 15% will be earned for the fiscal year." Nearly all newspaper computations of earnings are too rosy—presumably because the public likes bull news.

For example, it is customary to reckon the earnings on a common stock as based upon the amount over and above the dividends which the preferred is actually receiving at the time. In many cases, however, the preferred is entitled to an additional dividend after the common receives a certain per cent., so that above that per cent. the preferred and common would share equally. This gives rise to complications which the ordinary financial reporter is too busy to bother with.

In this month's Indicator we have adopted the more accurate method of apportioning the earnings in such cases to preferred and common stocks. This changes the figures for Buffalo, Rochester & Pittsburg, Minneapolis, St. Paul & S. S. M., and Pacific Coast.

Toledo, St. Louis & Western heads the list this month because of an exceptionally sharp break in its price. It must be remembered, however, that its earnings of 6.1 per cent. on par include 4 per cent. dividends on its holdings of Alton stock, while the Alton is now earning only 2.8 per cent. on par and may be obliged to reduce its dividend. This, of course, was the principal reason for the abnormal decline in the prices of both stocks.

Wabash continues to show more liberal increases in net earnings than almost any other road, and this combined with the decline in the price, brings its preferred stock up to third place in the table.

Atlantic Coast Line loses a few places because of an increase in the capital stock.

Rock Island shows nothing earned on the common, owing to the recent falling off in net earnings—another chapter in the history of this highly diverting company.

United States Rubber reports large earnings for recent months, owing largely, doubtless, to the rapid rise in the price of crude rubber and rubber goods. The common stock now takes third place among the industrials.

United States Realty & Improvement and **Amalgamated Copper** have issued their annual reports, but no radical changes in earnings are shown.

The recent decline in the market has brought many of the best stocks down to a level where they are not only earning a large per cent. on price, but are on a 6 or 7 per cent. basis as measured by dividends actually paid. This level of prices has brought some investors into the market.

THE BARGAIN

TABLE SHOWING WHICH STOCKS A

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.		Approximate earnings on par.	Price June 10, '10.	Earnings on price.
1	Toledo, St. Louis & Western common	(a) 6.1	26	23.4
2	Detroit United	10.7	56	19.1
3	Wabash preferred	5.5	42	13.1
4	Louisville & Nashville	18.1	143	12.7
5	Colorado & Southern common	7.2	58	12.4
6	Chesapeake & Ohio	9.9	81	12.2
7	Union Pacific common	19.9	171	11.6
8	Norfolk & Western common	11.2	100	11.2
9	Buffalo, Rochester & Pittsburgh common	(i)11.2	100	11.2
10	Pittsburgh, Cincinnati, Chicago & St. Louis common	(b) 9.7	98	9.9
11	Kansas City Southern common	3.1	32	9.7
12	Southern Pacific common	11.7	121	9.6
13	Minneapolis, St. Paul & S. S. M. common	(j)13.0	137	9.5
14	Delaware, Lackawanna & Western	53.6	570	9.4
15	Denver & Rio Grande common	3.2	34	9.4
16	Atlantic Coast Line R. R.	(c)11.0	119	9.2
17	Reading common	(d)14.0	152	9.2
18	Brooklyn Rapid Transit	(g) 7.0	77	9.1
19	Chicago & Alton common	2.8	31	9.0
20	Erie common	(e) 2.2	26	8.6
21	Atchison common	(c) 8.2	104	7.9
22	Delaware & Hudson	12.8	164	7.8
23	Great Northern preferred	9.7	130	7.5
24	Canadian Pacific	14.8	196	7.5
25	Cleveland, Cincinnati, Chicago & St. Louis common	5.9	79	7.4
26	Baltimore & Ohio common	8.2	111	7.4
27	Southern Railway common	(e) 1.9	26	7.3
28	Pennsylvania Lines	(c) 9.4	131	7.2
29	Twin City Rapid Transit common	7.2	110	6.5
30	Northern Pacific common	7.7	124	6.2
31	New York, New Haven & Hartford	(h) 8.5	143	5.9
32	Missouri Pacific	3.6	67	5.9
33	Illinois Central	7.6	133	5.7
34	Chicago & Northwestern common	(c) 8.1	145	5.6
35	New York Central	(c) 6.1	115	5.3
36	Minneapolis & St. Louis preferred	3.3	63	5.2
37	Wisconsin Central common	2.4	50	4.8
38	New York, Ontario & Western	2.1	44	4.8
39	Missouri, Kansas & Texas common	1.6	39	4.1
40	Chicago, Milwaukee & St. Paul common	(c)(f) 4.5	125	3.5
41	St. Louis Southwestern common	(e) 0.5	30	1.7
42	Duluth, South Shore & Atlantic preferred	0.3	27	1.1
43	Wabash common	.0	19	.0
44	Texas & Pacific	.0	29	.0
45	Minneapolis & St. Paul common	.0	31	.0
46	Iowa Central preferred	.0	35	.0
47	Rock Island Company common	(e) .0	39	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	Erie second preferred	(e)19.2	33	58.2
2	St. Louis & San Francisco second preferred	(e)13.2	40	33.0
3	Erie first preferred	10.4	44	23.6
4	Southern Railway preferred	8.8	59	14.9
5	St. Louis Southwestern preferred	5.3	73	7.2
6	Rock Island Company preferred	4.9	86	5.7

(a) Includes income from Alton divs. (b) Pref. and com. share equally after com. receives 5%. (c) Or increased cap. stock. (d) Includes betterments on subsidiary companies. (e) After deducting pref. divs. (f) Includes earnings Puget Sound Ext. (g) Based on 6 mos. earnings. (h) Figured on $100,000,000 stock—$50,000,000 new stock becomes full paid June 20, 1911. (i) Pref. and com. share equally after com. receives 6%. (j) Pref. and com. share equally after com. receives 7%.

INDICATOR

ARE THE BEST PURCHASES NOW

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price June 10, '10.	Earnings on price.
1	Dec. 31, 1909	Pressed Steel Car common	7.7	34	22.6
2	Mar. 31, 1910	American Beet Sugar common	7.3	35	20.8
3	Mar. 31, 1910	United States Rubber common	7.8	38	20.6
4	July 31, 1909	American Linseed preferred	5.8	33	17.6
5	June 30, 1909	American Agricultural Chemical common	7.5	43	17.4
6	Dec. 31, 1909	Central Leather common	6.3	37	17.0
7	Dec. 31, 1909	American Woolen common	5.2	32	16.2
8	Dec. 31, 1909	Railway Steel Spring common	5.3	34	15.6
9	Nov. 30, 1909	National Enameling & Stamping common	(d) 2.3	17	13.5
10	Apr. 30, 1910	United States Realty & Improvement	9.7	72	13.4
11	Dec. 31, 1909	International Harvester common	13.0	97	13.4
12	Mar. 31, 1909	United States Steel common	(a)(g)10.1	77	13.1
13	May 31, 1909	Virginia-Carolina Chemical common	7.1	59	12.0
14	Jan. 31, 1910	Union Bag & Paper preferred	(c) 6.4	58	11.0
15	Dec. 31, 1909	General Electric	15.0	143	10.5
16		Pacific Coast common	(e)(b)10.7	108	9.9
17	Nov. 30, 1909	Sloss-Sheffield common	6.6	68	9.7
18	Dec. 31, 1909	Bethlehem Steel preferred	5.3	55	9.6
19	Dec. 31, 1909	American Can preferred	6.7	71	9.6
20	Oct. 31, 1909	American Smelting & Refining common	(d) 6.6	74	8.9
21	Dec. 31, 1909	National Lead common	6.2	73	8.5
22	Dec. 31, 1909	International Steam Pump common	3.9	46	8.4
23	Dec. 31, 1909	North American	5.9	69	8.4
24	Dec. 31, 1909	People's Gas Light & Coke	8.9	106	8.4
25	Mar. 31, 1910	Western Union	(a) 5.3	65	8.1
26	Dec. 31, 1909	Republic Iron & Steel common	(d) 2.5	31	8.0
27	Mar. 31, 1910	American Telephone & Telegraph	(a)10.5	134	7.8
28	June 30, 1909	Distillers Securities	2.3	30	7.6
29	Jan. 31, 1910	National Biscuit common	7.7	106	7.2
30	Feb. 28, 1910	Corn Products preferred	(c) 5.4	76	7.1
31	Jan. 31, 1910	American Steel Foundries	(d) 3.7	53	6.9
32	Dec. 31, 1909	Tennessee Copper (par $25)	6.8	$25	6.8
33	Apr. 30, 1910	Amalgamated Copper	3.9	62	6.3
34	June 30, 1909	International Paper preferred	2.7	50	5.4
35	Dec. 31, 1909	Consolidated Gas	6.7	133	5.0
36	Feb. 1, 1910	Mackay common	4.3	87	4.9
37	Apr. 30, 1909	American Car & Foundry common	2.6	54	4.8
38	Dec. 31, 1909	New York Air Brake	2.7	64	4.2
39	June 30, 1909	American Locomotive preferred	4.0	106	3.7
40	Mar. 31, 1910	Pittsburgh Coal preferred	(a)(c) 2.2	65	3.4
41	Dec. 31, 1909	American Sugar Refining common	3.9	117	3.3
42	Dec. 31, 1909	Utah Copper (par $10)	(f)14.4	$43	3.3
43	June 30, 1909	Allis-Chalmers preferred	0.8	29	2.8
44	May 31, 1909	United States Cast Iron Pipe preferred	1.3	67	1.9
45	Jan. 31, 1910	Union Bag & Paper common	.0	8	.0
46	Dec. 31, 1909	American Can common	.0	9	.0
47	June 30, 1909	International Paper common	.0	11	.0
48	July 31, 1909	American Linseed common	.0	13	.0
49	Feb. 28, 1910	Corn Products common	.0	15	.0
50	May 31, 1909	United States Cast Iron Pipe common	.0	19	.0
51	Dec. 31, 1909	Bethlehem Steel common	.0	26	.0
52	June 30, 1909	American Locomotive common	.0	42	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1	June 30, 1909	American Hide & Leather preferred	(c)10.8	34	31.7
2	Aug. 31, 1909	American Malt Corporation preferred	(c) 6.2	34	18.2

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) 2nd pref. and com. share equally after com. receives 4%. (f) On increased capital stock. (g) Exclusive of $5,000,000 appropriated for the quarter to cover new construction, etc. If this were included, earnings on par would be 14.1%.

Bulls and Bears

In Nature and in the Market

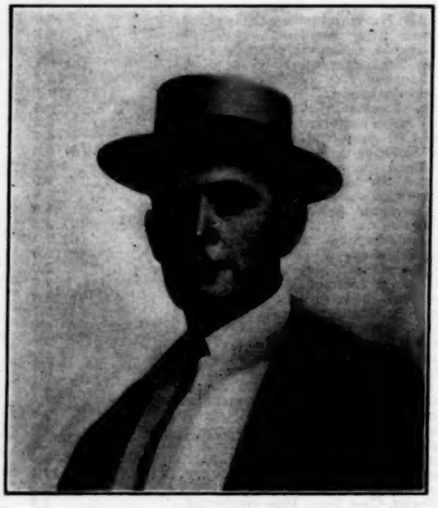
By ALBERT J. ENRIGHT

TO be successful in speculation it is necessary to be a close student of affairs and events having a bearing on the markets, to acquire ample and accurate information, to have a definite purpose, some money, plenty of resolute courage and staying power and absolute confidence in the United States of America.

From a given point the market has but two sides, up and down. One must choose between being either a bull or a bear. A bull is by nature brave, audacious, defiant, erect, glossy, strong and snorts with confident vigor. He tosses his adversary with his horns.

A bear by nature is cowardly, sneaking, shaggy, shambling, snarling and hugs his victim with the embrace of deception.

A thoroughbred bull sold in Kansas City for $10,000, and a cracking good bear sold in Denver for $65.



Albert J. Enright

The market bull is by nature an optimist, he is cheerful, hopeful, a good feeder, a fighter, an organizer, a developer, a builder, a patriot and has an abiding faith in his country and his Creator. The ideal market bull has rosy cheeks, a chesty front, red blood and wears a white vest.

The market bear is by nature a pessimist, he is gloomy, fearful, a dyspeptic, a disorganizer, a destroyer, he predicts the country is going to the demnition bow-wows, and has a firm faith in absolutely nothing.

The market bull circulates constructive news of inspiration, hope, stimulation and encouragement and works in the daylight.

The market bear emits destructive news of despair and desolation, he is an alarmist, a calamity howler, a canard spreader, a grumbler, grouch and chronic croaker and operates a gloom factory both day and night. He usually has sallow cheeks, a long face, hollow breast, purple blood and wears a slouch hat.

The market bull prospers in times of peace, good crops, easy money, labor employed, factories running and general prosperity and it is to his interest to help produce and promote these favorable conditions.

The market bear thrives best in times of war, panics, crop failure, strikes, political strife, fires, floods, famine, tight money, factories closed and commercial distress, and when a market accident occurs he chatters, "I told you so," and promptly assumes the triple rôle of coroner, chief mourner and undertaker at the funeral of hope.

Suggested Stock Exchange Legislation.

WITH all the talk about Stock Exchange reforms, proposed legislation, etc., what about the broker who executes his customer's buying order, and soon after sells an equal amount of the same stock short for his own account? This balances up the broker's books, so that he is practically out of the market so far as this transaction is concerned; yet he has the use of the customer's margin and the customer is paying interest on money supposed to be borrowed to carry his stock.

If the customer wins, the broker loses; if the customer loses, the broker wins. On miscellaneous commission business on margin, the broker would win on the average in the long run.

There is a popular idea that many brokers do this, just as there is a popular idea that the stock market is "all manipulation." Personally, we are inclined to doubt if there is much of it done. It isn't human nature. The broker is much more likely to do his short selling at a time when he thinks the market is going down instead of deliberately betting that his customers will buy at the top and sell at the bottom.

There is no doubt, however, that some brokers have in isolated cases abused the customer's trust by selling out his stocks for their own account, and we print the following suggestions of a correspondent for what they may be worth:

"The movement for reform in the methods of conducting the business of carrying stocks on margins or where loans are made with stocks as collateral, received its impetus from the report of the so-called Hughes Committee. This committee served without salary and was in no sense political, for it had no official sanction and was not even recognized by the state legislature of New York. The report came from a committee that had no interests to serve but those of the financial district and was appointed by Governor Hughes in the same spirit. The recommendations have therefore been followed by the exchange authorities voluntarily. It has been a refreshing exhibition of what can be accomplished without the injection of political motives or demagoguery, but legislation appears necessary to meet the new conditions that have since arisen.

"The law making it a criminal offence to maintain a bucket shop, or in other words, to make mere bets on the course of prices in the stock market, has been followed naturally and as was to have been expected, by attempts to evade the provisions of the law and accomplish the same ends while keeping within its limits. Hence the evils which arose from the fact that in most cases the bucket shop was not financially able to pay its losses, were not removed by the passage of the anti-bucket shop law. The large failures during the last two years of prominent New York Stock Exchange members, were clearly and admittedly the result of speculation by the firms. These speculations consisted of selling for their own account the stock which they were supposed to be carrying for customers, and in this way placing themselves in the position of bucket shops, to the extent that the customers loss was their gain and the customers profit their loss.

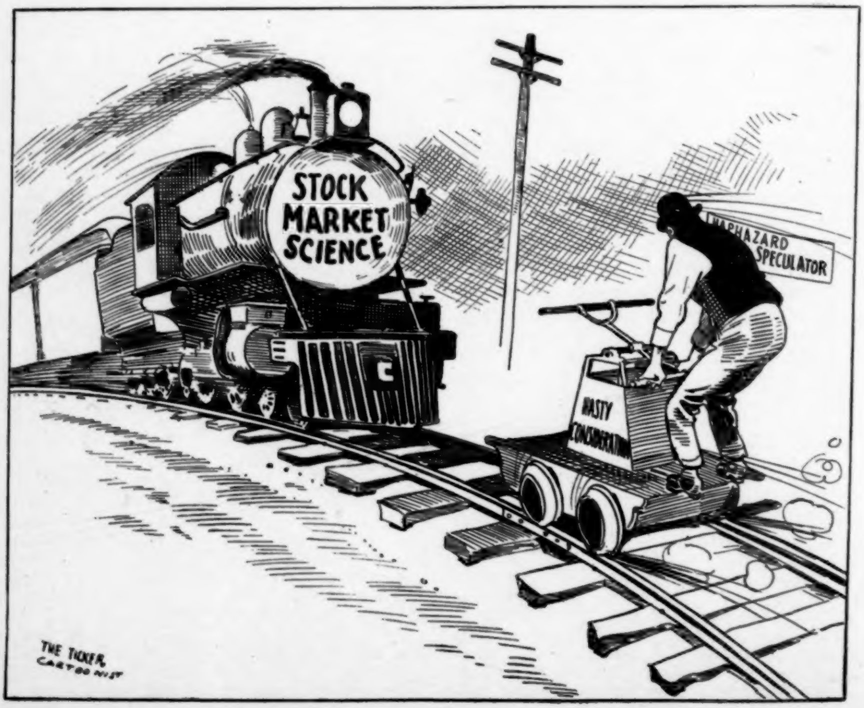
"The effect so far as the customer is concerned is exactly what it is in the case of the bucket shop, if the broker is not financially responsible. Where the broker has not the capital to make good his contracts with the customer it reduces the operation to merely this: if the customer loses the broker gets the money, and if the customer's operations are profitable his money is lost anyway. Thus the customer has no chance of profitable operation or of even getting back his principal. The same plea can be made in defence of the practice as could be made in the case of pure bucket shop transactions. If the broker is financially responsible, it makes little or no difference to the customer whether the broker is short of his stocks or not. There is some difference in the fact that the customer loses the effect of his transaction on the market, but this is usually slight, although if all stocks bought for customers were actually carried in bank loans by the broker or loaned to responsible fellow members, it might at times make quite a difference in market conditions.

"The broker doing business without sufficient capital to keep his own speculations financed, so that his customers' money is protected, relies on the same old endless chain that so many swindles have been founded on. The end comes in such markets as we have had where there is a continual withdrawal, and not enough public interest in speculation to keep up the inward flow. There may be no way of preventing all speculation by brokers, and it is doubtful if such a law would prove beneficial, for it might interfere with operations of a perfectly legitimate character,

but it certainly is nothing short of grand larceny from a moral standpoint, and should be from a legal standpoint, for a broker to accept money from others for the purpose of buying stocks and carrying them in loans, while he has no idea of doing any such thing, and when he has not the capital to protect his own speculations and in this way the funds of his customer.

"The funds of the customer in the cases of brokers who speculate for their own account by selling their customers' securities short, when they have not the capital to stand the loss if the operation is unsuccessful, are dissipated in office expenses and extravagant living by the members of the firm. Many of them who could not meet their liabilities have gone on taking money from others and squandered it in yachts and automobiles and other luxuries. The remedy, and the only effective remedy, will be a law making it a criminal offence for a broker to accept a deposit of money as margin when he knows he is insolvent, as it is with a bank, and also making it a criminal offence for the broker to speculate, when he has not the capital of his own to pay his losses and thus protect the customer. The law should furthermore compel a stock broker to liquidate his business the moment he becomes insolvent just as a bank must be liquidated.

"It is not to be supposed that any of the exchanges encourage or allow such practices as outlined, for when called to their attention the governors invariably expel or punish the member found speculating so as to create a condition similar to that of the former bucket shop. This is not enough, however, for the governors rarely discover such a condition until after the broker has failed, when it is almost always found that the assets are infinitesimal. The effective remedy lies in making offences of the sort described criminal, punished by imprisonment. Recent cases in the courts respecting loans made on certain curb stocks as collateral, show the existence of the same condition there as that disclosed in the failures of two years ago. The collateral was sold and if the market does not advance enough to prevent the broker from having to pay the loss the owner will get his securities back; if the market does advance sufficiently, however, the owner of the collateral gets nothing. It only requires a break in the endless chain and lack of new customers to provide the funds to pay off those withdrawing to bring the collapse and total loss. It is time for legislation to meet the new conditions, and it should take the form suggested, of making it a criminal offence to speculate or accept deposits of margins, when the broker is insolvent."



You Can't Buck a Mogul Engine with a Hand Cart

The Investment Digest

FOLLOWING is a list of publications, etc., from which this Digest is prepared. Where the name of a banking or brokerage house is given, the matter is taken from their special letter or circular: New York: *Bond Buyer; Financial News; Wall St. Journal; Wall St. Summary; Moody's Magazine; Moody's Manual; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American.* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal;* Kansas City: *Star; Journal.* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; Trippe & Co.; Thompson, Towle & Co.; Henry Clews & Co.; Swartwout & Appenzellar; Eugene Meyer, Jr., & Co.; J. S. Bache & Co.; Spencer, Trask & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissell, Kinnicutt & Co.; Alfred Mestre & Co.; N. W. Halsey & Co.; Brown Bros. & Co.; Warren, Gzowski & Co., etc., etc. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy.

Amalgamated.—Managemt. claims to be prod. copper at 9c. a lb., which is as cheap as any other large prod. can produce the metal and prop. meet depre. and other chgs.; but unlike other prod. co. refuses to sacrifice its copper and refuses to sell below 13c. Inasmuch as Amal. prev. owned 620,000 shs. of Ana. stk., the add. 2,425,862 shs., which it will receive under merger will bring total holdings of Ana. up to 3,045,862, having a par val. of $76,146,550. The co. has promised Stock Exch. that of $60,646,550 add. Ana. stk. which it will own it will retain in its treas. $35,646,550 and not part with it unless 30 days notice is given. $25,000,000 will be a free asset in Amal. treas. It was explained that the prop. trans. by Senator Clark to Amal. comprise thirty or forty claims and fractions of claims, and have prod. at the rate of about 20,000,000 lbs. of copper a yr. Their present prod. is approx. 24,000,000 lbs. With the Clark mines Amal. group will have an aggre. prod. of about 825,000,000 lbs. a yr. and will control all prin. mines in the Butte camp, except North Butte. Amal. in its yr. to April 30 earned about double its 2% div. This looks good comp. with 1909, but not so good in contrast with 1907, when 11% was earned. Mr. Ryan says that the Ana. merger would permit econ. amtg. to a cent a lb. in prod. Taking total output at 225,000,000 lbs., this would mean an incr. in net of $2,250,000, equal to about 1½% on present Amal. cap. There have been recent sales of Boston & Mont. at over $500 per sh. B. & M. is most import. subsid. of Amal., and Feb. 11 last Amal. made statemt. to N. Y. Stk. Exch. that it owned 147,015 of B. & M.'s 150,000 sh. We underst. that recent purch. is directly in int. of Amal.

Am. Agri. Chemical.—The unsatis. ending of what looked like a big victory for co. in getting its potash supply will mitigate against any com. stk. div. Co. is now in midst of biggest season, and earn. of 9% for com. stk. is safe for this yr. Co. however needs large work. cap., and while able to finance this yr. without resort to banks, maj. of directors desire to place co. ind. of banks forever before consid. any com. stk. div.; and indic. are that such a position will be reached this yr.

Am. Beet Sugar.—Pres. Duval's remarks concern. taking care of co.'s $1,200,000 notes with surp. earn. make it clear that div. on com. stk. are a long way off, for altho. yr. just ended was the most pros. in co.'s history, even another one as good would be insuf. by $100,000 or $200,000 to furnish enough surp. to take up the notes. Then, within next two yrs. bettermts. to amt. of $200,000 must be made, and these, it is plainly indic. by the rep., will be paid for out of earn. So while com. stk. need not look for returns, the pfd. may rest assured of its usual 6% a yr. The record is an unbroken one since 1899. The div. was earned nearly six times over in yr. just ended, and five times in pre. yr. Yet the pfd. has never touched par, now quoted around 92, at which fig. it yields 6½%, an attract. investmt. of the "business man's" type.

Am. Can.—Orders on books are larger than at this time in several yrs. Indi. that co. will make record showing this yr. in prod. as well as earn. Centralization of prod. and introd. of economies in gen. are respon. for decr. oper. costs of co.

Am. Car & Foundry.—Co. has enough orders booked at present to keep plants in

oper. until first of Dec. next. Orders for first four mos. this yr. have varied consid. from mo. to mo., but average satis. and as result co. has on its books orders for close to 45,000 cars. If to this total be added big Harriman order aggre. is not far from 53,000 cars, or $60,000,000 of business, which carries co. forward to time when gen. business con. are decidedly more pro. than now. The Harriman order nearly cleans up car orders in sight. The fisc. yr. ended April 30 last and it will be a mo. yet before invent. are compl. and exact profits known. In gen. way it is fairly safe to est. prof. for divs. at about $4,500,000, a bal. which after ded. of the $2,100,000 div. on $30,000,000 pfd. leaves about $2,400,000, or 8%, for $30,000,000 com. Acc. to last official statemt. there was a fund of $600,000 set aside to guar. div. on com., but as req. was earned during depression this remains untouched. At close of 1908-09 fisc. yr. surp. acct. totalled $22,500,000, and from earn. of yr. end. April 30th last was incr. to about $25,000,000. Total work. cap. now over $18,000,000. A 4% div. will prob. be decl. in near future.

Am. Shipbuilding.—The co. has enough new const. work to run it thro. the summer mos., which means that orders for several new ships will be carried into the new fisc. yr. begin. July 1. All cond. suggest directors will act favor. in matter of higher div. on com. stk. during next yr. Meeting will be held late in July.

Am. Sugar Ref.—Last yr. co. earned $10,823,869 net, equal to 12¼% on its $90,000,000 cap. stk. From this it chged. off $1,284,282 for depre., $500,000 as reserve, $2,135,486 settlemt. with the Gov. and $2,000,000 settlemt. with Penn. Sugar Co., leaving only $5,859,768 avail for divs., equal to 5½% against 7% paid. But the deficit was only technical, for the $4,135,486 paid to the Gov. and the Penn. Co. could very prop. have been chged. to accum. prof. and loss, which stood at $22,697,722.

Am. Tel. & Tel.—Am. Tel. is among stks., which, owing to strong position are more attractive in prop. as prices decl. Incl. rights to stkholders. in 1901, 1902 and 1903, total paymts. on stk. past decade aggre. 114%, or 11.4% per an., and is now earn. at rate of 11¼%—surp. earn. running about 25% ahead of last yr. Co. is strong in cash, having on hand first of yr. $44,000,000 in cash or equiv. Improb. that any new fin. will be done the cur. yr.; $200,000,000 new stk. has been auth. only to enable co. to use when needed; recent acqui. of large int. in Mackay Co. and W. Union still further strengthen position. Last yr. stkholders. incr. 9,453, bringing total up to 35,823. At cur. prices stk. yields about 4.85%.

Am. Woolen.—Business in woolen and worsted trade is in very unsatis. con., and prices of manuf. goods are from 20 to 25% lower than in Dec., and slow of movement even in face of big decl. A further decl. in price of raw mat. is anticip. Est. that not over 60% of looms are in oper., Am. Woolen Co. running about 70%. Many ind. manuf. running plants but two days a week. Am. Woolen managemt. diagnosed trade sit. in adv. of compet., and while criticised for selling prod. at a decl. in price early in yr., action proved wise move, as co. secured bulk of the business so far this yr.

Anaconda.—Balance avail. for divs. on Dec. 31, last, was equal to 7.11% on $30,000,000 outst. stk., as comp. with 3.61% earned year prev. It is est. that net profits of the co. after merger has been compl. will be in excess of $10,193,654 thro. saving in int. and deprc. chgs. Total net profits shown above are equal to $9.66% on the $105,500,000 Ana. (merger) stk. These fig. will be swollen later on by the econ. of various kinds in mining and smelting costs, which become pract. by wiping out the separate corp. and oper. all prop. as a unit. Listing the $75,000,000 brings total of Anaconda stk. admitted up to $105,500,000. The co. sub. following statemt. of oper. by subsid. for 1909:

Boston & Mon.—Rec., $17,121,989; exp., $14,092,869; profits, $3,029,120. Red Metal—Rec., $4,103,394; ded., $3,536,405; profits, $566,988. Washoe—Rec., $17,968,447; ded. $16,236,773; profits, $1,732,673. Butte & Boston—Profits, $4,411,918; exp., $3,660,204; profits, $751,712. Big Blackfoot—Profits, $1,880,284; exp. $1,688,559; profits, $191,724. Trenton—Profits. $1,790,929; ded., $1,525,818; profits, $165,112. Parrot—Rec., $1,300,326; ded., $1,433,291; deficit, $132,965. Alice—Profits, $2,723; ded., $9,134; deficit, $6,411. Diamond—Rec., $745,590; ded., $659,170; profits, $86,420. Altho. not prev. known, at recent meeting of the Alice Co., stkholders. owning 5,200 shs. entered formal and legal protest against sale to the co. for 30,000 shs. of Ana. stk., claiming that co. had no legal auth. to sell where a single stkholder. objects. This, it is asserted, is the law of Utah under which the Alice Co. is incorp. Objectors say price offered is inadequate and mines show more ore in sight and of greater val. than at any time in their history. They claim 2,000,000 tons in sight.

Atchison.—For ten mos. end. April 31st, through gross earn. are largest in co.'s history by $9,000,000, net is more than $2,000,000 below 1909, and is even less than 1907. It is but $2,500,000 greater than ten mos. net of 1908, in which yr. the co. red. its div. Though co. has decr. int. chges. by conv. of bonds, it has incr. div. req. so that int. chges. and div. req. is greater than in past yrs. It seems prob. that for fisc. yr. end. June 30th, Atch. will show net earn. on $165,000,000 stk. now outst. of little over 8%, a small margin over pres. rate. Co. is doing more extraord. work this yr. than ever before and by end of next two yrs. will have finished an era of devel. that will equal any similar perform. in annals of Am. R. R. history. This work will not only incr. gross, but permit greater divs. Co. will this yr. earn more than $105,000,000. At end of April it had earned $87,000,000. Only two other single R. R. sys. in country have shown over $100,000,000, Penn. in east and So. Pac. in West. It is underst. that $3,000,000 of the new conv. 4s were taken by stkholders., leaving about $40,000,000 to go to underw. "As usual the R. R. is the goat," said Mr. Rip-

ley. "The Mis. river rate decision has thrown half the rates of country into chaos. Present sit. is not one that justifies investors purch. R. R. sec. Most of our imp. work is so far adv. that it would cost more to stop it than carry it to compl., but no new oblig. of any kind will be entered into. In the comm. that appeared at Wash. to have rates enjoined there was but one lone shipper. The rest were professional leaders which corres. to office of walking delegate. The raises asked for by 24 roads were almost imperceptible. They must be followed by much larger incr. if railroading is to be profit. The R. R. bill as it stands is a terror. It takes con. out of our hands, while leaving us the responsibility. It gives the inter. comm. prac. control without ownership. If it is to go into effect as passed, I had rather the comm. were given full power to make all rates. I do not want to criticise the inter. comm. com. It would not be becoming in me to say a word against it. But the fact remains that most of its decisions are against R. R. and I cannot see justification for the belief expressed after the conference that it is only a matter of time until incr. we desire are put into effect."

Atlantic Coast Line.—On earn. and eq. A. C. L. stk. is conserv. val. at far above present selling price. Road will earn this fisc. yr. over 10%. Div. rate is 6%. Aside from its own earn. power, A. C. L. owns 51% of $60,000,000 stk. of the Louis. & Nash., consequently it will be the prin. beneficiary when latter's long expected melon-cutting comes off. Louis. arn. show up as well as Coast Line's. (See L. & N.)

Baltimore & Ohio.—In ten mos. end. April 30, 1910, B. & O. has earned over 8% on com. stk. This is nearly 10% a yr. For ten mo. period gross incr. 15% and net 9%. C., H. & D., now cont. by B. & O., promises to add to B. & O.'s earn. and is paying its own way. The Chgo. Term. Tran. is likely to be an import. factor in net rev., but at present, under receivership, B. & O. has ordered 95 locom. from Am. Locom. Co.; also a contract for 1,000 steel frame cars has been awarded to Standard Steel Car Co.

Brooklyn Rap. Transit.—For the first six mos. of this fisc. yr. co. recd. in fares $5,300 a day more than yr. prev. Up to date has recd. over $1,200,000 more in fares than at this time last yr. This is traceable to growth of outlying sections. At pres. entire sys. is oper. almost to capacity. Morn. and eve. prac. every piece of equip. is in use. There is every indi. that yr. will close with bal. of 7% or better for the stk. Recent action of one of subsid. cos. B. U. E., in decl. div. of 5% on com. stk., nearly all in the B. R. T. treas., means no add. to holding co.'s inc. It has always been custom to comb. sys. earn. as a whole, so that div. on com. stk. of that co. means a bookkeeping entry to any one but owners of $469,000 stk. not held by B. R. T.

Burlington—Col. & Southern.—Expend. aggre. $32,000,000, for equip., const. of new lines and exten., and imp. are incl. in Burlington's budget for next 12 mos. $10,000,000 for new cars and locom. and $10,000,000 for new const. Car orders incl. 1,000 steel gond., 2,000 box, 50 coaches, 500 auto., 500 ballast, 25 baggage, 10 baggage and mail, and 10 chair cars. Power equip. is to be incr. by purch. of 77 locom. The Burl. directors must now decide how money will be prov., and this has an import. bearing on the quest. of div. on Col. So. Burl. has $15,000,000 cash; also about $16,500,000 Col. So. stk. in its treas. which is paying only 2% a yr. There is prob. $2,900,000 surp. for C. & S. stks. already. On a conserv. est. of $3,000,000 for entire yr., co. will be able to pay 4% on the first and second pfd., 2% on com., and have bal. equal to 5½% left for the $31,000,000.

Canadian Pacific.—Co. is earning 16% upon $180,000,000 entitled to divs. after June 30 next. On the market val. it is earn. about 8%. Last yr., gross earn. were within $2,000,000 of Union Pac. This yr. up to end of March, C. P. has already exc. U. P. earn. for the same period by $2,000,000 and promises to close year with still greater lead. For first nine mos. of yr. end. March 31 C. P. earned gross of $69,818,000, as comp. with $56,858,000 for first nine mos. of last yr., inc. $13,000,000, or 22.5%. Officials of road est. $100,000,000 gross for cur. yr.

Central Leather.—Com. stk. is now earn. about 7%, equiv. to nearly 17% on present market val. of 42. Co. was placed in strong pos. by absorp. of U. S. Leather; on acct. of business thus obtained, and large surp. taken over, earn. should contin. to make excellent showing. There appears to be no reason other than unsatisf. con. of gen. trade why a div. should not be decl. The co.'s strong fin. pos. seems to warrant it.

Chesapeake — Norfolk. — Nor. & West. maint. prem. of $15 a sh. over C. & O. notwithst. inc. in rate on Ches. has put both stks. on eq. div. basis. Calcu. for twelve mos. end. Mch. 31, 1910, would be as follows:

	C. & O.	N. & W.
Surp.	$6,038,358	$8,546,693
Pfd. Div.	....	919,688
Bal. for Com........	$6,038,358	$7,627,005
Earn. on Com.......	9.61%	11.55%

A comp. shows that in same time that N. & W. has incr. earn. power 34%, C. & O. 55%. Both roads serve prac. same territory, traffic identical, fin. gen. similar and no import. dif. in details of oper. In each there is Penn. R. R. standardization, for at one time or another is cont. them both. There may be reasons why Nor. should sell higher than Ches., but not 15 points. If Norfolk is not too high, Chesapeake is comp. cheap.

Chesapeake & Ohio.—C. & O. owns 69,240 shs. of Hock. Val. com. which costs it $310,000 a yr. to carry. Against this cost there have been div. at 4% a yr. about $275,000. Now that H. V. is in receiv. hands div. cease and ownership is a liab. What makes sit. more pert. is that C. & O. intended to incr. H. V. com. div. to 7% or 8%, with pfd. stk. out of the way. Directors decl. quar. div. of

1¼%, an incr. of ¼% over last div., and adv. an. rate from 4 to 5%. Stkholders of C. & O. took nearly all the $31,000,000 new bonds offered them for subscrip. Foreign holders subs. for their full sh. and pur. add. rights from Am. holders. The underw. synd. will have to take few if any bonds. Officers were taken by surprise by H. V. recship., present suit was brought by stkholders. having only an inconsid. int. Their statemt. says that Ches. bought maj. of H. V. com. at upward of $120. H. V., thro. sale of its int. in Tol. & Ohio Cen. and Kanawha & Mich., realized over $10,000,000 cash, and from some other sec. $3,000,000 more. C. & O. and Lake Sh. had not engaged in any comb. in restraint of trade or otherwise, but purch. its int. in H. V. in absolute good faith for purposes of devel. business as one of the great compet. in that section. It was hardly expected that holders of 90 shs., who purch. with apparent intention of creating trouble, any court would hold its purch. unauth. and its motives improper in a suit in which it was not a party. C. & O. will close cur. fisc. yr. with surp. of approx. $6,300,000, equal to 10% on $62,799,100 stock. The largest div. surp. in road's history. (See Hocking Valley.)

Chgo. & Alton.—Total earn. for 1910 to March 31 were $10,374,323, against $9,654,524 last yr. Transp. exp., however, incr. from $3,099,421 to $3,585,871. Stkholders. unan. appr. prop. to issue $18,000,000 5% 20-yr. imp. and equip. gold bonds, redeemable in whole, but not in part, at 107½ and int. on 12 weeks' notice, on any int. date after March 1, 1915. Recent market weakness is on acct. of severe falling off in gross earn. due to coal strike in Ill. Coal makes 40% of earn. Falling off in business makes it appear there will be no div. on com. for time being. Stk. had been paying 2% semi-an., last div. Feb. 15th.

Chgo., Cin. & Louisville.—A decree prov. for sale of the railroad, to take place at Richmond, Ind., on May 17, has been entered in Fed. Court. No bid of less than $5,200,000 will be consid. On receiver's certif. and various bond issues co. owes $8,000,000.

Chgo., Mil. & St. Paul.—Kuhn, Loeb & Co. have closed nego. with group of leading French banks covering issue of Chgo., Mil. & St. Paul 4% 15-yr. deb. bonds for 250,000,000 francs or $50,000,000. Gross earn. in April were $5,220,000, an incr. of $687,000 over a yr. ago, comp. with $5,794,000 in March, 1910, and $4,534,000 in Feb. The dec. as comp. with March reflects return to nor. traf. basis after line had been choked with freight which accum. during bad weather earlier in yr. The incr. as comp. with yr. ago is the signif. feature, showing prin. the add. to traf. thro. oper. of Coast Exten. This means all April surp. earn. of Coast Exten.—half a million in March—will go to wipe out $356,000 by which St. P. was behind its div. req. at end of nine mos. This makes it prac. certain that St. P. will earn its div. this fisc. yr., which has been in dispute for mos. The market for St. P. is strangely conducted. One broker buys from all comers on scale orders and has a place to put it. Same broker sells to all comers, and knows always where supply is. Same broker lends to all borrowers when int. terms suit. This broker is the market for St. P. There is very little spec.; there has been no popular int. in its movemts. for mos. past. A consid. amt. of it was diffused thro. the St. on rise to 165, when it was open to belief that a big distrib. was going to be made on acct. of Pac. Coast exten., which has since called for $50,000,000 or $75,000,000 more cap., but stock then sold has evidently ret. to sources whence it was supplied, tho. at a shrunken val., and one broker is now the market. It is doubtful if the big holders have liqui. It is doubtful if they have done more than to sell it freely on a gullible market and to take it back at a profit. St. P. is more nearly a private asset than any other big railroad whose sec. are dealt in on the N. Y. Stock Exch.

Cleveland, Cin., Chgo. & St. Louis.—A. H. Harris, gen. counsel of N. Y. Cen. and vice-pres. of Big Four. His visit was to arrange placing $10,000,000 20 yr. 4% deb. issue of the Big Four Road. He said: "We placed entire issue in Paris on very advan. terms, at a disc. of 3%, or at 97. The issue should be termed a 50,000,000 franc rather than a $10,000,000 issue.

Consolidated Gas.—Altho. it pays only 4%, there are good reasons why stock sells at 140. Co.'s last an. rep. showed 6.74% earned. Based on Co.'s holdings in subsid. co.'s, equity in 1909 earn. eq. 12% on its stk. Earn. of these subsid. have so impr. since begin. of 1910 that Con. Gas eq. in their inc. is now 16% on its own stk. The N. Y. Edison, which supplies N. Y. with power and light, fur. consid. rev. to Con. Gas, which owns all of its stk. Last yr. Edison paid 6% on this stk., cur. earn. equal 12%.

Copper Metal.—Avail. statis. point strongly to a more fav. statemt. from Copper Prod. Asso. for this mo. prev., due, in large measure, to incr. exports, which promise 45,000,000 lbs. It is not improb. that dom. deliv. will aggre. 68,000,000 lbs., making total 113,000,000 lbs., comp. with an est. prod. of 118,000,000 lbs. Western Elec., Gen. Elec., Westinghouse and Am. Brass Co.—the four greatest consumers of copper in the entire world—are expected to make known their wants very shortly. Prod. state that these four manuf. int. will soon need 100,000,000 lbs. bet. them. General Elec. credited with having on its books business which req. 50,000,000 lbs. in add. to 15,000,000 lbs. last Mo.

Corn Products.—Report for yr. end. Feb. 28, 1910, shows surp., after ded. all chges. and bond disc., $2,071,936, eq. to 6.9% on pfd. For past three yrs. this stk., which is 7% cumu., has recd. div. at rate of only 5% per an., and total surp. is now $5,462,406. Co. is grinding 100,000 bu. of corn a day, which is up to expect. Argo plant is showing well with grind of bet. 15,000 and 20,000 bu. a day. Pres. Bedford says co. is doing well as can be expected under pres. cond. Earn. are not

large, owing to small margin of prof. due to high price of corn. Co. has new prod. called "Argo," a corn syrup which is having an enor. sale and has proved a big money earner.

Erie.—For fisc. yr. end. June 30 next co. bids fair to show largest vol. gross and net ever recorded in its history. But fixed chges. this yr. will be consid. greater, so that bal. of net inc. avail. for div. will fall short of 1907 showing. From present indic. Erie should show net after ded. of all chges., exp., etc., approx. $5,300,000, which would be suf. to pay full yr.'s first and second pfd. div. and leave bal. for junior issue approx. 2½% on $112,378,900 outst. During past yr. or so Erie has expend. bet. $2,000,000 and $3,000,000 for the Bergen tunnel. This will result in econ. of oper. at Jersey term., as it affords two excl. freight lines into J. City, saving from 25 to 30% in cost of handling freight. At same time new tunnels, for excl. use of pass. trains, greatly facil. movement.

General Electric.—Cur. business of electric equip. cos. is expect. to show subst. incr. in both gross and net. For eleven mos. end. Dec. 31, 1909, G. E. rep. surp. of 13.7% avail. for stk., or 15% per an. This comp. with 9.7% 1908-9, 15.9% in 1907-8. Total book surp. at close of last yr. was $17,281,382—largest co. ever had. But is less than the real surp. It has been policy of co. to carry all their val. pat., licenses, fran. and good-will at nom. val. of $1. In 1908-9 there was expend. for pat. $929,109 and chged as usual to prof. and loss. G. E. conv. 5% bonds, due 1917, conv. into stk. par for par at option of holders after June 1, 1911. As stk. is now 10 points above bonds conv. priv. makes bonds attractive.

Granby.—The prod. for 1910 is est. at 26,000,000 lbs. and cost placed at 11 cents lb. In analyzing cost the Nichols Chem. Co. are understd. to have a large stk. int., prob. make $150,000 per an. out of Granby in ref. its smelter prod. The Hill int., also underst. to have a large ownership in co.'s shs., are est. to be making about $500,000 a yr. in transp. and in sale of coke, a sum larger than stkholders' equity in pres. net earn. With recoveries of 20 lbs. of copper and $1 per ton in gold and silver, a ton of Granby ore, on 12½-cent copper, has a gross val. of $3.50, which permits a very small profit after mining, smelting and ref. exp. have been ded. It is evident that James J. Hill and the Nichols Chem. Co. are getting more out of Granby than are the stkholders., but even so there has not been a hint that these int. were securing more than they had a right to exact or more than a reasonable charge for work performed.

Great Northern.—Some railroads West, despite lull in business East, are contin. large gains in gross earn. G. N. is a notable instance. Cur. gross earn. are running from $275,000 to $300,000 a week ahead of corres. weeks last yr. The gross up to end of March showed incr. of more than $5,000,000 over earn. of corres. period in 1909, and promise, on basis of showing now being made, is that gross for full yr. will be $9,000,000 above earn. last yr. May gross incr. $1,174,373, or about 25%. Gross for eleven mos. is about $8,000,000 ahead of last yr. G. N. has been incr. its rev. at the exp. of Nor. Pac. In April, only about 10% of gross incr. was held for chges. and div. Chgo. will suffer more than any other center if a railroad blockade occurs this autumn, and will come if there is a good crop in the West," said James J. Hill, when discussing rate sit. "Chgo. will feel congest. even more than last yr., when there was a blockade of four mos. Am. railroads are giving serv. at about half price chged. in Europe. At same time wages paid are from two to five times pay on European lines. Am. shippers are getting service cheap in comp. If people want good service they must pay for it. Railroads cannot oper. under con. sometimes imposed. Asso. of railroads do not conspire to incr. rates. There are asso. of railroads, but they have been decl. legal by the courts. They are necessary for joint oper."

Hocking Valley.—H. V. was org. Feb. 25, 1899. It has outst. $11,000,000 com. stk., receiv 4%, and $15,000,000 pfd. non-cum., also receiv. 4%. It oper. a total of 450 miles. Pfd. has pref. as to assets and div., and entitled to share eq. with com. in div. above 4%. In 1903 nearly $7,000,000 com. stk. was sold to five R. R., Pitts., Cin. & Ohio, Chgo. & St. L., Bal. & Ohio, Ches. & Ohio, Lake Shore & Erie. In appointing receiv. for H. V., Judge Kincaid decl. illegal vote for retiremt. of $15,000,000 pfd. stk. by directors on April 1. The ownership of com. stk. by C. & O. in H. V. was decl. illegal and H. V. directors were restrained from recog. the vote of C. & O.'s stk. The court in plain terms characterized attempt to retire pfd. of H. V. as an unlawful scheme on part of C. & O. to gain cont. of H. V. and Kanawha & Mich. in order to get a trunk line from Great Lakes to seaboard. H. V. is further invol. by an injunction and a suit for accting. on behalf of min. stkholders. of K. & M., which it formally controlled. The road is amply solvent, and no question of solvency is raised in any of suits. Judge Rogers in a decision deliv., finds that restraining order prohib. the H. V. Co. from ret. $15,000,000 worth of stk. was not properly granted and order was dissolved. (See Ches. & Ohio.)

Interborough.—For ten mos. end. April 30th gross earn. were $24,094,000, as against $21,946,000 in 1909, and surp., after fixed chges., $5,075,000, as against $3,643,000. The div. of 9%, paid almost excl. to Interb.-Met. Co., called for $2,625,000. These div., of course, are just suf. to offset int. charge on Interb.-Met. 4½% bonds. The bal. was eq. to $2,450,000, as against $1,018,000 in 1909. In other words, with two mos. yet to be heard from, the actual earn. behind Interb.-Met. $50,000,000 pfd. were almost exactly 5% in 1910, as against 2% in 1909. There are now accum. 12½% in unpaid div. on Interb.-Met.

pfd. that some day will have to be financed. Judge Lacombe has set July 1 as the date for the forecl. sale of Met. St. Railway Co. J. M. Mayer, referee to determine assessmt. on the Manhattan Railway for year 1907 on its special fran., recommends that total for the assessmt. be red. from $72,000,000 to $51,038,700.

Int. & Great Northern.—Sale under decree granted second and third mtg. bondholders is not expected for 60 or 90 days. In meantime bondholders will work on a plan of reorg. There is every likelihood that third mtg. bonders' comm. will buy in the prop. sub. to first and second mtgs., and that prov. will be made to pay off these sec. at par and int., or to issue in exch. new sec. for full claim. Unless this is done second mtg. bondholders are prepared to take over prop.

Int. Harvester.—Directors have deter. to build up a large surp. rather than amplify div. to holders of junior issue. The 4% rate will not be incr., and there is no poss. that extra disbursemts. will be ordered during next two yrs. After surp. crosses $30,000,000 there is a poss. that rate may be incr., but there is no likelihood of that until 1912. This inform. from a member of the official family of the co. sets at rest persistent reports cur. during past two mos. that div. rate would be adv. to 6%.

Int. Nickel.—Co. has decl. an extra div. of 25% on com. stk., payable July 15. At special meeting it was res. that extra div. of paid out of surp. earn. for period from April 1, 1906, to March 1, 1910, after paymt. of full div. of 6% on pfd. stk. in each and every yr of such period, and paymt. of div. heretofore decl. and paid on com. stk. during fisc. yr. end. March 31, 1910. Co. offers to stkholders. pro rata for sub. at par $2,670,000 of com. stk. heretofore unissued as follows: Each stkholder. of record of com. or pfd. on June 6, may subs. for new com. stk. to extent of 15% of holdings of each class of stk. Since April 1, 1906, co. has earned after chges. bond int., sinking fund, depre. and div., $2,855,339 an. Of this $487,977 has been decl. in com. div., leaving avail. $2,367,361 in sur. acct. The pres. says: "Demand for co.'s prod. was much larger than during prev. yr., and ind. a broadening of normal market. During past yr. the U. S. battleships Florida and North Dakota, as well as several other gov. vessels, have been equip. with propellers of Monel metal, and two Argentine battleships now being const. are to be similarly equipped."

Intercontinental Rubber.—Official ann. is made that the co. will retire 25% of its outst. pfd. stk. at par and accrued int. on or before Aug. 10. This will req. $1,050,000 to take up $1,000,000 pfd. with int., and the co. has on hand that amt. of cash over and above necess. work. capital. The action will red. pfd. div. chge. by about $75,000 a yr.

Int. Steam Pump.—Net earn. for yr. amt. to approx. $2,000,000 as comp. with $1,447,653 for pre. yr. and $1,618,506 for yr. before that. Profits for yr. just closed were about $700,000 in excess of req. for fixed chges and pfd. div. Should cur. yr.'s business contin. as at present and as avged. during past 6 mos., yr.'s prof. should prod. surp. of about 7% on com. stk, outst.

Iowa Central.—This stk. went below prev. low price of the yr., but on small trans. The high for the yr. was 30 and touched 17½ recently. Adv. Census reports state that pop. of state of Iowa will show decr. of 2%, because of emigration to Canada and states west of Iowa. Edwin Hawley tells us that crop outlook in the state is most promising. Net earn. for April incr. $2,082. The gross incr. was $19,172.

Kansas City Southern.—April earn. will show incr. of about 12% over April a yr. ago. This means gros of approx. $864,000, comp. with $854,878 in March. Unless expend. for April have been unusually heavy, net earn. will approximate $263,000, a rate which, if sustained remainder of pres. fisc. yr., will insure a surp. equal to 2½% on com. stk. No new fin. is contem. as pro. from sale of $10,000,000 ref. and imp. gold 5s last July have not been used up in carrying out proj. program. of imp.

Lehigh Valley.—April gross earn. incr. $420,000 and net $244,000. The road was oper. under 60% of gross. The transp. costs were about 27%, which is near the best of eastern road records this yr. Lehigh is moving a large amt. of eastbound merch. freight. Its trainloads are growing in size on this class of freight and greatly in contrast with those of Reading and Cen. of Jersey, where the roads parallel. This is one reason for the lower costs. For ten mos. gross earn. are in excess of any prev. yr.

Louisville & Nashville.—It is now appar. that for fisc. yr. to end this mo. L. & N. will be able to rep. gross $52,000,000, as cmp. with $45,124,000 in prev. yr., and it is fig. from rep. it should save $18,200,000 for net, comp. with $15,798,000 last yr. After ded. fixed chges., there should remain 20% for the stk. as against 7% paid in div. L. & N. is one of the best railroad prop. in U. S. from almost any standpoint, and a present selling price of 146 has not disc. its strengthened pos. as a result of 13% exc. earn. for the stk. this yr. above div. req. (See At. Coast Line.)

Missouri, Kansas & Texas.—Stockholders will hold special meeting July 30 to auth. $125,000,000 5% gen. mtg. bonds, to be used for add. and imp, and for ref. It is intention to issue at once only about $10,000,000. The bonds will be dated April 1, 1910. Books close June 30, reopen August 1. It was ann. that Edwin Hawley has pur. the Texas Cen. Railway, and that line will become part of the M., K. & T. system. The line ext. from Waco northw. 281 miles, and penetrates a sec. not reached by the Hawley-Yoakum lines.

Missouri Pacific.—During the weeks that stk. was quoted below 70 a large accum. took place. It was bought on a very narrow market and with no effort to bid for it. From 50,000 to 75,000 shs. were accum. in this way, buyers being banking houses identified with

issue of 5% conv. bonds. The program., a few mos. ago, was to decl. a div. of 4% this yr. This would req. $3,320,000. The co. has financed itself for some time and is devel. a road of suf. capacity and physical strength to move its business at normal cost. Its credit is better than it has been in five yrs. To May 15, gross earn. since June 30, 1909, showed an incr. of $5,750,000 over last yr., eq. to 15%. The net oper. inc. is about $1,500,000 above 1909. The road could pay 2% out of this fisc. yr.'s earn. without arousing criticism.

National Biscuit.—Co. has 53 plants located in 41 cities, and 174 selling branches. Since its org. in 1898 an. sales have incr. from $34,051,279 to $42,720,543, and net prof. from $3,292,143 to $3,978,576. The co. has no bonded debt except $609,803 of mtgs. assumed. Stk. outst. $24,804,500 7% cumu. pfd. and $29,236,000 com. The pfd. has rec. full div. without inter., and com. stk. div. has been incr. from 1% in 1899 to pres. 1½% quar. Earn. on com. stk. have avged. 7.56%.

National Lead.—Each yr. the co. rep. a surp. but little in exc. of the com. stk. div., but the earn. power is so steady in good and bad yrs. that the div. seems well assured. At slightly under 80 the div. yields over 6.3%, one of the largest yields of any active stk. Earn. for yr. of dep. end. Dec. 31, 1908, were within a few thousand dollars of boom yr. 1907, while 1909, altho first six mos. were marked by gen. business dulness, Lead earned the largest percent. on stk. since co. was reorg. in 1905. The 7% pfd. stk. has been redeemable at par since Jan. 1st last, and should this be ret. pos. of the com. stk. would be greatly strengthened.

N. Y. Central.—Pres. Brown issued statemt. ann. that nego. in Paris affecting sale of $17,500,000 Mich. Cen. deb. have been discontin. at request of foreign bankers, who found it impossible to sell sec. until skies clear. Orders for $3,000,000 worth of freight cars had been canceled, and bids for $4,000,000 more withdrawn. Expend. for imp. of $8,000,000 had been held up. Mr. Brown called attention to fact that wage inc. dating from April 1 last are adding $690,000 per mo. to exp., making it imperative to have question of rate inc. settled early. Mr. Brown was so pleased at way in which Pres. Taft had treated railroads in pres. contro. over rates that he would order resump. of all work on Cen. which he susp. Cen. also will permit Steel Car Cos. to go ahead with orders given them some time ago, for 3,000 new freight cars which it was estimated would cost about $1,000 apiece. Report for quar. end. March 31: Gross, $22,283,130; net, $3,377,894; total inc., $9,108,849; sur. af. chgs., $3,720,206.

N. Y., Chgo. & St. Louis.—In first three mos. of cur. cal. yr. co. has earned all of yr.'s div. on first pfd. stk., six mos.' div. on sec. pfd. and has a subst. surp. above these paymts. This showing has been brought about by a large inc. in gross, while oper. exp. have been but slightly higher than the corres. quar of 1909. For three mos. end. March 31 gross totaled $2,775,397 against $2,257,289 in 1909, a gain of 22.9%. For same time oper. exp. were $1,815,007, an inc. of only 4.9% over last yr.'s fig.

Norfolk & Western.—N. Y. Stk. Exch. has listed Nor. & West. Railway Co. $10,993,000 add. conv. ten-twenty-five-yr. 4% bonds, due 1932. (See Ches.-Norfolk.)

N. Y., New Haven & Hartford.—The managemt. are confident that for fisc. yr. to end June 30 next the road will earn the 8% div. on present $121,000,000 stk. with a bal. suffi. to more than make up div. def. in the 1908 and 1909 fisc. yrs. In other words, in 1909 N. H. failed to earn the full 8% div. paid by $2,516,693 and last yr. came short of amt. paid in div. by $453,613, the total for two yrs. of $2,970,306 being chged. to surp. This yr. co. is expect. to earn a bal. above its div. for the 1909-10 yr. of fully $3,000,000. N. H.'s "other inc.," incl. div. from trolley and steamship cos., is now running at rate of $9,500,000 per an., or 50% of the net from railroad oper. There is still $37,500,000 cash coming from last fall's stk. issue, of which $25,000,000 will be paid in during last six mos. of this yr. So far as cash position is con., N. H. is in fairly comfort. circum.

North American.—According to an official of co., who has ret. from trip where the co. cont. traction and lighting cos., each city is contrib. its sh. to the gen. imp. over 1909. Mo. fig. show an avge. incr. in gross over last yr. of about 34%. For three mos. end. March 31, gross of Mil. Elec. Ry. & Light incr. $115,968, or 11.7%. The recent issue of Detroit Edison Co.'s $3,000,000 6% conv. deb. bonds has all been subs. for and bonds are now quoted at 104.

Northern Pacific.—At 122 N. P. has decl. 23 points from price at which it sold this yr. Paying 7% a yr. in div., stk. yields at this price 5.7%. There is nothing to justify heavy decl., unless failure of officials to get a better hold on high oper. exp. As for div., this will be earned without trouble in spite of decl. net. Surp. last yr. was about $7,000,000 above the $17,360,000 which will be paid on $248,000,000 of stk. this yr., so that if entire loss in net to date be subtracted, a subst. margin still remains.

Pacific Mail.—The co. prelim. statemt. of earn. for fisc. yr. end. April 30, shows total gross receipts $4,853,374, exp. $4,715,148, leaving net earn. $138,226. Depre. and other chges. during yr. $352,802, leaving a def. $214,576.

Pennsylvania.—Not since before panic has Penn. made gains as large as now rep. In three mos. to March 31, the incr. in net has been $2,736,000. In add., the Penn. Co., oper. lines west of Pitts., will pay parent co. 8% on $80,000,000 of stk. in 1910, instead of 8% on $60,000,000, as in 1909, and the incr. inc. will be $1,600,00. Its purch. of add. int. in the New Haven prob. has no sig. outside of the Penn.'s traffic rel. with the road. The Penn. R. R. has sold to E. B. Smith & Co. $11,000,000 Penn. gen. first equip. trust 4%

certif., due in 10 an. instalmts. of $1,100,000 on May 1, 1911, to May 1, 1920. The certif. are guar. prin. and int. by indorsemt. on each certif. by the Penn. R. R. The Penn. system in 1908 and 1909 carried 299,762,658 pass. on its 24,000 miles, and only one pass. was killed as result of train wreck. The chance of a pass. losing his life in an accident was one out of 300,000,000. The pass. trains in past two yrs. traveled 118,407,318 miles. If one train had gone this distance it would have made about 5,000 trips around the world, and with but one death resulting from a train accident.

Pressed Steel Car.—The co. has purch. 100 acres of the most desirable business prop. in Schenectady upon which it pro. to erect a plant empl. 5,000 men. Within 5 yrs. plant will be enlarged to employ 15,000 men. Ann. to this effect made by Wesley E. Cole, sec. Schenec. Board of Trade.

Reading.—July 1st next Reading has mat. $2,466,700 6% bonds, issued in 1843; June 1, 1911, $7,162,000 6% bonds, issued in 1871; and on same date $10,649,000 7% bonds, also issued in 1871. Total amt. of these high-int. bonds is $20,277,700. The saving in int. chges., if ref. is done with 4% bonds, will be $500,000 per an. This saving alone is nearly suffi. to prov. for an incr. of 1% in Reading's com. div. rate. Reading will this fisc. yr., end. this mo., show for its com. stk. earn. of 9%, excl. of equities in controlled prop.

Rock Island.—After paying enough in div. to prov. for R. I. Co.'s fixed chges., the C., R. I. & Pac. Ry. will have, for yr. end. June 30, 1910, surp. earn. of only about $2,-800,000. Div. of 5% on R. I. Co.'s $49,758,500 pfd. stk. would req. app. $2,500,000. It does not seem likely that R. I. int. would be willing to exhaust entire surp. earn. of railway in order to pay div. on non-cum. pfd. stk. of the holding co. The cur. fisc. yr. has been a disapp. one for C., R. I. & Pac.'s earn., while gross rev. has inc., there has been no gain in surp. earn. over 1909. Pres. Mudge of R. I. says: "We have only so much money to spend. If net earn. fall off as they have been doing, notwithst. incr. in gross, we must make up for it in some way. We have laid off prob. 1,500 men in last few mos., to make up for drop in earn., and unless gov. permits us to incr. freight rates, we must meet the sit. by cutting down forces in road's shops, shortening hours, and cancel orders for equipmt." Stock Exch. has listed the Chgo., R. I. & Pac. Railway Co. $982,000 add. ref. mtg. 4% bonds, due 1934, making total amt. listed to date $86,118,000.

Seaboard Air Line.—Among best rep. of earn. for March rep. by R. R. is that just made public by S. A. L., showing incr. of 15% in gross, and nearly 20% in net. If this ratio is main., the net inc. after oper. cost will reach an amt. not only equiv. for all fixed chges., the 5% int. on outst. $25,000,000 adjustmt. bonds, the 4% non-cumu. div. on pfd. shs., but leave bet. 2% and 3% for com. stk However, it is hard to believe that, so shortly after reorg., div. will be paid on either class of shs. The overflow earn. more likely will be set aside to build up surp.

Sloss-Sheffield.—Pres. Maben says: "Our earn. at present are, of course, low, due to the unusual stagnation in iron. But we are not worried; an old co. like the Sloss is used to such vicissi. With the dep. in trade we are still earn. our div. Oper. our four furnaces, we are turning out more iron than we can sell at a satis. fig., and in conseq. we have a surp. amting. to about 30,000 tons, but this is only an ord. mo.'s outturn, oper. at full cap. Six yrs. ago we had 105,000 tons stored. We haven't sold any iron for less than $12, but I underst. some cos. have been selling as low as $11.25. Three furnaces are blown out, one on acct. of flooding of the Sloss mine, but this furnace needed repairs; the other two are out because of dep. I am optimistic on iron sit. for a long pull—over three or four mos.; but I can't see anything in imme. con. but stagnation. There is too much iron for consump. demand. Furnaces have been blowing out for some weeks and are contin., and this all helps by permitting demand to catch up with supply, but it will be still some time before the two have finally equalized."

Southern Pacific.—Co.'s ownership in prop. outside of lines oper. has been of very large aggre. val. for sev. yrs., though seldom talked of. As of June 30, 1909, its inv. in sec. amted. to $109,260,837, nearly all of which are unpledged in co. treasury. In add., land holdings June 30, 1909, comprised 14,408,217 acres. Land sales in last fisc. yr. were made at avge. price of $3.75 per acre. On this val. lands would be worth about $54,000,000. Ownership of lands, however, is vested in four propriet. railroads, which have issued bonds against lands, and use the pro. of land sales for redemp. of such bonds. Ann. in Berlin that an inter. banking group would take $25,000,000 bonds of S. P. Terms made public later by Kuhn, Loeb & Co., N. Y. (See U. P.-S. P.)

Southern Railway.—Co. is earn. more money, is in stronger fin. con. and faces better pros. than at any prev. time in its history. Gross earn. for nine mos. end. March 31st, totaled $43,000,000, against $39,000,000 in 1909 and $38,000,000 in 1908; net earn. for the same period amting. to $12,900,000 compare with $11,400,000 and $8,200,000 for similar periods of two pre. yrs. Ded. from $12,900,000 net about $9,200,000 for nine mos.' exc. of fixed chges. over other inc., and a surp. of $3,700,-000 remains, which is equal to 6% on $60,-000,000 pfd. stk. for nine mos. or about 8% a yr. Co. has recently placed orders involv. $7,220,000. Orders incl. 75 locom., 3,620 all-steel 50-ton coal and coke cars and ten comb.-pass.-baggage cars. In add., road has let cont. for 46,000 tons of 85-pound steel rails and 190,000 improved joints. The steel rails and fittings rep. $1,800,000. Compl. of work on 60 miles double track under const. will give 244 miles double track bet. Wash. and Atlanta, while there are 95 miles of double track now in use. On the ten mos.' showing So.

should have net earn. by end of this mo. $16,775,000, comp. with $14,840,000 for 1909. Bal. over int. and rental items should be $4,575,000, against the $3,590,000 shown last yr.

St. Louis & San Francisco.—Stockholders held special meeting auth. bonded indebt. of co. be incr. to $50,000,000 by issue of N. O., Tex. and Mex. Div. first mtg. 5% bonds. No opposition to plan developed. N. Y. Stk. Exch. has listed $3,140,000 add. gen. lien fifteen-twenty yr. 5% bonds, due 1927.

St. Louis Southwestern.—For fisc. yr. to end June 30 next co. will show surp. rev. suff. to offset pfd. stk. div. req. at full 5% rate, now being paid, with small surp. to spare. But St. Louis Southw., during first six mos. of cur. fisc. period had just about earned a full yr.'s div. on pfd. stock and had the co. been desirous at least 4 or 5% would have been shown earned on junior issue. The fact that full yr.'s div. on pfd. was earned during first half of yr. prompted managemt. to expend more lib. for maint. during remaining mos. than it would have otherwise.

Tennessee Copper.—Net prof. for yr., $339,405.76, $82,831.77 from acid plant and $25,000 ded. for depre. During year co. paid div. of $1.25 per sh. Dec. 23, 1909. Total disb., $250,000. Bond indebt. red. to $350 000. In Aug. co. issued $600,000 6% bonds to prov. for const. of second unit to sulph. acid plant.

Third Ave.—In pub. serv. comm. hearing on reorg., accountant of comm. stated sale of $37,560,000 4% bonds in 1900 realized $34,564,444, of which $23,169,397 were dep. with Morton Trust Co. to liq. prev. floating debt and $11,424,070 was dep. for acc. of Met. Street Railway as lessor for const. acc. of Third Ave. Of $23,169,397, there was spent $15,854,914 to meet notes and bills pay. prior to 1900; $9,951,247 took up sec. which had been purch. by means of these notes, and $549,975 paid int. on notes that had been paid for these sec.

Toledo, St. L. & Western.—The 4% div. on Clover Leaf pfd. is being earned out of oper. It has been paid reg. since early in 1907. At cur. quo. of 61 pfd. yields 6.6%, which sems attractive consid. that div. is fairly well secured.

Twin City Rap. Tran.—First four mos. of 1910 topped all prev. fig. for corres. periods of yr. Gross, $2,303,697, against $2,087,748 in 1909, gain of 10.34%. Total oper. exp. of $1,157,069 showed incr. of only 5.13 % over last yr. Net rev., $1,146,628, comp. with $987,117, an advance of 16.16%. After chges., incl. taxes and int. which are appor. for four mos., and div. of $70,000 for four mos. on $3,000,000 pfd. stk., there remains a surp. of $585,711, eq. to 2.93% on $20,100,000 com.. eq. to yrly. rate of almost 9%. This is sure to be exc., for last yr.'s surp. for first four mos. was eq. to 2.19% on com. and yet equalled 9.94%.

Union Pac. — Southern Pac. — Latest avail. data give basis for placing cash, loans and avail, bonds for issue of U. and S. P. at not far from $120,000,000. Of this amt. $45,000,000 consists of cash and demand loans of U. P., and $25,000,000 cash and loans of S. P. The former has avail. for issue at any time $35,000,000 ref. fours and latter about $15,000,000 avail. ref. fours of S. P. Regarding prob. of further fin., banking int. say Harriman lines have sold no sec. recently, and do not intend to sell. After paying div. amting. to $25,600,000, U. P. promises to have a yr.'s surp. inc. of $19,000,000. Without other inc. of over $17,000,000 it could pay 10% div. on $216,000,000 com. from actual railroad earn. and have a surp. of about $2,000,000. U. and S. P. are making exten. imp. to meet threatened compet. of West. Pac. from Salt Lake to Coast and new St. Paul north. The So. is spending millions building new tunnels, etc., and in belief of prom. Western railway men So. may be able to hold business, tho. the West. Pac. and St. Paul may take incr. S. P. report. large mo. net incr., with gain in net for nine mos. of $6,300,000. Conseq. April statem., showing decr. in net of $108,453 after incr. in gross of $906,938, was discouraging. U. P. had a 20% incr. in gross, $1,110,458, but all that was saved to net was $74,324. Out of a $10,000,000 incr. in gross this fisc. yr. U. P. has a net incr. of $2,300,000. Both roads are not entitled to incr. in freight rates, as rate ranks amongst highest in country, so if they cannot save money on present gross earn., certainly roads in East will not save much on basis of present freight sched. S. P. is understood to have acq. min. int. in Los Angeles Pac. and now hold entire stk. of co., which oper. 200 miles of electric lines in So. Cal. (See So. Pac.)

Utah Copper.—During first quar. of 1910 the co. made net prof. of $871,957.62 on prod. of 18,511,819 lbs. Cost of prod. was 8.43c. per lb., comp. with 8.48 for prev. quar. Cost at Magna (Garfield) plant of the Utah was 7.6c. per lb. Excl. oper. at Boston's Arthur plant, cost was approx. 8 cents per lb. Ore res. of Utah Co. amt. to 170,000,000 tons of grade eq. to that upon which oper. are now being carried on. Res. assure life of 40 yrs. at pres. rate of prod. and 30 yrs. on est. incr. cap. of plants. Utah's inc. from Nev. Con. brings total amt. of rev. for quar. up to $5,000,000 per an., or well in exc. of pres. $3 rate of div. on 1,540,000 shs. now outst., altho. co. has not yet rec. full benefit of its Boston Con. purch. Co. made another record prod. in May with output of 8,500,000 lbs from 400,000 tons of ore. Net prof. for mo., with copper at 12½ cents, is est. at $400,000, and ind. that Utah's cost is well within 8 cents. Utah took over physical cont. of Boston Con. on March 1, which resulted in a 2,000,000 lb. incr. in mo. prod.

U. S. Realty & Imp.—Report for yr. end. April 30, 1910, shows 9.67% earned. This comp. with 9.2% in 1909. The reg. net inc. from real estate and other inv. meet fixed chges, leaving avail. for stk. all net earn. of construct. and real estate oper. dep. Co. still has a control. int. in the Plaza Hotel, which is likely to be put on div. basis this yr., and will add subst. to the inc. of parent co.

U. S. Steel.—That there is a lull in the steel business cannot be questioned. U. S.

Steel has blown out 20 blast fur. out of total of 130 and output of finished steel is bet. 80 and 85% of cap., comp. with 96% early in yr.; but the Corp. never oper. full cap. due to closing of fur. from time to time for repairs, which is imper. Corp. in cur. quar. will earn $40,000,000, this on cap. of 82%. Manuf., bankers, and business men in Pitts. dist. est. that last two or three mos. there has been a shrinkage bet. 15% and 20% in business. This applies in partic. to steel ind. May regard. as mo. of gen. business readjustmt., many conserv. manuf. hold to opinion that when crops are assured there will be revival. In view of inc. oper. exp., earn. of $160,000,000 will be regarded as good showing. The recent adv. in wages burdened the Corp. with $9,000,000 more per yr. in oper. chges. The Hill ore prop. will rec. from Corp this yr. $2,865,000, comp. with $637,500 in 1906. It has estab. an immense pension fund for empl. Its freight rates are heavier. Shipmts. of high priced prod., which command wide margin of prof. than heavier classes, have been smaller, and weather con. have oper. agains inc. Corp is arranging to open 9,000 add. acres at Gary, Ind., and build 550 houses for its empl., to cost $1,650,000.

Virginia Caro. Chemical.—Co. is now passing thro. most prosp. yr. in its history, and while decl. in gen. market thas effect on price of shs., incr. prosp. of co. will soon be recog. by div. incr. on com. stk. Last fisc. yr. com. stk. rec. 3% div. in one paymt. The prob. now is that a 2½% semi-an. div. will be decl. on com. stk. this mo.

Wabash.—For yr. end. June 30, 1909, co. reported def. of $159,000. For nine mos. end. March 31 last net after exp. and taxes showed an incr. of $1,372,291 over corres. nine mos. of last yr. In March net incr. was $212,000.

Western Maryland.—A member of the exec. comm. says the new exten., when compl., will incr. gross by about $6,000,000. For the sum of $12,700,000 co. is assured for 99 yrs. the vast traffic which N. Y. Cen. lines, which have long sought term. at Balt., will turn over. The co. will also get entrance into Pitts., which will enable it to compete with Penn. and B. & O. First four mos. of present cal. yr. earned full yr.'s div. on pfd. stk., with approx. $100,000 to spare. Div. of 4% on co.'s $10,000,000 pfd. calls for an. disb. of $400,000. From Jan. 1 to April 30 gross earn., $2,400,000; net after exp. and taxes, $1,036,000; total inc., $1,196,000, and surp. after all fixed chges., $495,000.

Western Pacific.—Den. & Rio Gr. on Sept. 1 will prob. be called upon to make good the whole amt. due for int. on Western Pac.'s bonds. This will amt. to $1,250,000, rep. semi-an. int. on $50,000,000 first fives. Denver will have no difficulty, as its treas. is well supplied with cash and co, promises to show surp. of $1,000,000 after div. for yr. to end on June 30. W. P. has been delayed in opening line by reason of exten. washouts and rising of Great Salt Lake, which necess. rebuild. many miles of new road. This road from Salt Lake to Coast was built appar. without regard to cities bet., for line runs within a compar. few miles of several large cities without affording railway con.

Westinghouse Electric.—Co. has sold to Kuhn, Loeb & Co. $4,000,000 three-yr. 6% notes, which are now being offered for sub. at par. These notes are to ref. issue of $6,000,000 coming due in Aug. The bal. is to be paid off in cash, set aside at time of reorg. We understand from excellent auth. that at meeting to be held this mo. to act on reg. div. on first pfd., all of the accum. over-due div. on that issue will be ordered paid. The amt. due is 8¾%.

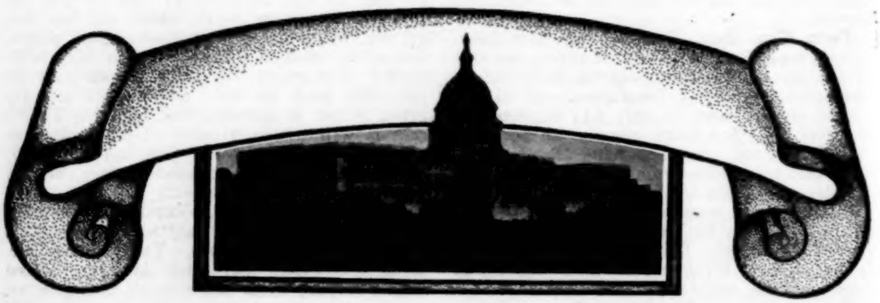


Chart of St. Paul, January, 1909, to June, 1910, Showing All One-Point Fluctuations

Technical Inquiries

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞ WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS.

Brokerage Houses Not Incorporated.

F. M.—None of the brokerage houses on either the New York Stock Exchange or the Consolidated Stock Exchange are incorporated, as this is contrary to the rules of both Exchanges.

Remitting for Stocks Bought.

P. R.—It is usual when buying stocks outright, to send a check for the full amount, with instructions as to the name in which you wish your certificate to stand. After purchasing the stock, the firm will then have the certificate transferred to the desired name, and forwarded to you.

We Don't Prophesy.

T. S.—If you will refer to the heading of our "Inquiry Column," you will note that we do not express opinions on the future of the market, or the value of individual securities, except as such may be implied in our "Bargain Indicator" or the "Market Outlook." It is the policy of our magazine to confine itself to facts, to give the trader so far as possible all the essentials for interpreting the market, and to help him as much as possible in selecting the best methods of interpretation, but not to attempt predictions.

Books on Banking.

I would like to have a plain sensible book giving the A B Cs of banking and explaining banking methods and customs—a book not too technical and written in a popular way.—C. M.

We would suggest the "A B C of Banks and Banking," by Coffin, price 70 cents postpaid, or "Methods of Practical Banking," by Patten, price $5.20 postpaid. The latter book is, of course, more extensive. We can furnish both of the above.

A Barometer of Statistics.

Referring to "Essential Statistics," would it be possible to assign arithmetically a value to each of the twenty-two items, the total of these values to show whether general conditions are above or below normal, whether they indicate inflation, etc.?—I. P.

This does not seem to us advisable. Under some conditions one item would be perhaps of more importance than all the others, while under other conditions the same item would have but little weight. We think that it is much better to analyze the figures and comment upon their relative importance at any date, than to depend upon any mechanical method of combining the statistics. We think upon consideration you will agree with us in this idea.

Twenty Per Cent. a Month "Guaranteed."

As a subscriber to your very useful magazine I am taking the liberty to write and ask you with respect to a certain individual who is "doing business" in our midst. The plan is: You give him one hundred dollars as a minimum amount. He guarantees you 20 per cent. per month. He has been operating for a little over a year with great success. Everybody so far has received his money back many times over, but I don't see how these good times can last forever. He claims that in an active market he plays both sides every day, which of course he says is doubly profitable.—A. G. F.

We never heard of the party who is running the blind pool in your city, but wish to go on record as predicting that he is sure to "blow up" sooner or later. Common sense tells us that if he were able to guarantee 20 per cent. per month, he would not be looking for clients, as a small amount of borrowed money would rapidly roll up into a fortune. If you remember, "520 per cent. Miller" paid dividends out of money received from new "suckers." This man's scheme will be a great success until dividends exceed new deposits, at which time the operator will probably leave for parts unknown. If you have any money in this proposition, don't stop for your hat; run all the way to his office and stay there until you get every cent that is coming to you.

American Ice Earnings.

A. A. J.—The accounts of the American Ice Securities Co. are somewhat complicated. The Securities Company owns about 96 per cent. of the preferred stock and nearly all the common stock of the American Ice Co. According to the report of the American Ice Co. for the year ending October 31, 1909, which is the latest information in regard to earnings, a balance of $1,099,000 was earned for the year. Of this about $1,055,000 would be applicable to the bonds and stock of the Amer-

ican Ice Securities Co. The interest on the bonds amounts to $174,000, and the remainder of approximately $875,000 would equal earnings of about 4.6 per cent. on par for the stock of the Securities Company. However, the balance sheet contains items which are not entirely clear to the outsider. The Securities Company is not now paying any dividends, and it is uncertain when they can be declared. The American Ice Co. paid 1½ per cent. on its preferred stock October 1, 1909—the first dividend since December, 1906.

Figuring Averages.

Referring to the article, "A Sign of Bull Moves," in the December Ticker, in figuring averages do you mean that we should add the high for the day and also the low for the day and then divide the high by the number of stocks used, and low likewise, and then get the average for high and also for low, and the difference between the two gives the average fluctuation?—D. L. H.

Your understanding in regard to the method of figuring average fluctuations is correct. If you will refer to page 160 of the February Ticker, we think you will get a clear idea of Mr. Tubb's article in the December issue. "Rollo Tape's" article in the December issue shows you the exact method of figuring out the trend indicator. The selection of a list of stocks for this purpose is to a certain extent a matter of individual choice. "Rollo Tape" gives those he considers the best for the purpose.

Safety of Banks.

What is the safety of funds in a national bank? Is one hundred cents on a dollar guaranteed, or is the protection only fifty cents on a dollar, in case of failure or insolvency? We also see advertisements in the newspapers of private bankers who allow 5 per cent. on deposits and claim that their funds are invested in good mortgages, etc. Are these partnerships as reliable as a bank? They claim membership in the American Bankers' Association, etc.—C. S.

The only guarantee on funds deposited in a national bank is the guarantee of the bank itself, which of course is for the full amount deposited, but becomes of doubtful value in case the bank fails. However, as national banks are under the supervision of the United States Comptroller of the Currency, they are in nearly every instance worthy of the confidence of the public. Private banking houses cannot be considered as safe as national banks, for the reason that they are not subject to the same degree of governmental supervision.

Automatic Stop Order.

I sent an order to * * * to sell 10 Steel common at 83¾, with a stop order at 86¾, the stop to move down as the price declines and be kept 3 points above the lowest ensuing price. I enclose a letter received from them in which they state that they cannot move the stop order automatically as described.—S. C.

If you will arrange your stop order so that it has to be changed every half point, the firm will no doubt handle it for you. As their orders are sent over the wires to New York, you can readily understand that considerable trouble would arise if they were obliged to reduce your stop order every time the stock made ⅛ lower. If you instruct them to make the stop 86½ when the price touches 83½, and reduce the stop order to 86 when the price touches 83, and so on, they should be willing to carry out your instructions.

City Bonds as Margin.

You advise having a large proportion of capital in a trust company at certain times awaiting a chance of great depression of stock prices for bargains. Why not put it in city bonds, thereby getting 4 per cent.? As I understand it, any broker would take the bonds for margins or collateral up to three or four points of selling price, and it is my impression that such bonds would not recede but a few points in a panic.—G. D.

The difficulty with your plan is that at a time of great stringency in the money market and a panic in stocks, brokers may not be willing to accept any securities as margin, no matter how good. In one period of the panic of 1907, for example, we think hardly any brokerage house would have accepted New York City bonds as margin, because of the great difficulty in getting money on any collateral and the almost complete suspension of margin buying.

New York 4½'s have ranged between 102⅞ in 1907 and 112⅝ in 1909.

American Locomotive Earnings.

In the May issue of The Ticker you state that American Locomotive has been earning 10 per cent. on its common stock each year since its organization, yet in each month's "Bargain Indicator" you show that American Locomotive does not earn a cent on its common stock. Please explain.—H. M.

The May "Investment Digest" stated that American Locomotive had earned an *average* of about 10 per cent. on its common stock for the entire period since its organization to date, with the exception of one or two lean years. The year ending June 30th, 1909, which is the report upon which the figures in the "Bargain Indicator" are based, as stated in the table, was one of these lean years. You will get further information on this matter by referring to the paragraph on American Locomotive in the April "Investment Digest," and it will be again touched on in the June number.

"Commission Companies."

Some months ago the * * * * Commission Co. opened a branch office in our town. If it is safe to deal with them in 10-share lots, it is certainly a great convenience. I am of the opinion that the man who is conducting the office here is not in the employ of the company, but simply conducting his own business through their house.—J. J.

We are not acquainted with this company, but as a rule we find that so-called "commission companies" which are incorporated or doing business under similar names are apt to be bucketshops. Of course, if you are trading in only ten shares, and it requires no more than two points margin to protect your trades, your risk is certainly small; but we should not leave a large amount with any concern unless satisfied as to their responsibility. Perhaps the party who runs the office in your city is doing business in his own name, and simply clears his trades through this company. You can ascertain from him whether he has the business himself or is their agent. If he is not their agent you cannot look beyond him for settlement in case of his failure.

Calculating Advances, Declines and Volumes.

J. S.—In regard to the calculation found on pages 43 and 44 of volume III, there are two ways of reckoning increases and declines as represented on those pages by the letters I and D—first, based on the gain or loss for the day, and second, on the rise or fall of the mean price for the day. For example, suppose the range of Reading for one day is from 170 to 171½, closing at 170; on the following day 171 to 172, closing at 172. By one method I, or the increase, would be reckoned at 2 points, figuring on the close for each day. By the other method, you take the mean price for the first day—170¾, and the mean price for the second day, 171½. The increase would therefore equal ¾ of a point. The first method is the one used by Mr. Scribner Browne, as explained in his article on page 122, volume V. The other method is made plain in Rollo Tape's "Studies in Stock Speculation," volume V, page 65. We are inclined to think Rollo Tape's method is the best.

The idea of multiplying together the volume and the advance or decline for the day, mentioned in the article in volume III to which you refer, is a good one, and is used by a considerable number of traders.

Rhythmical Swings.

About 1903 I started to keep charts on five or six of the active rails and industrials, paying particular attention to Union Pacific and Amalgamated Copper—two stocks which I consider leaders. I soon discovered that, as a rule, there were two movements of about the same proportions. For example, Union Pacific sold at 100 on Oct. 24, 1907, and 168⅞ on Sept. 9, 1908, nearly 69 points. Then there was a reaction to 149⅝, from which point it rose to 219, about 70 points. On the bear side, Union broke from 219 to 193¼, a decline of 26¾. Later it started from 204¾ and traveled down to 178½, a decline of 26¼ points. I have noticed also that after a few six to seven points fluctuations, when M. K. & T., Amal. Copper and So. Pac. become prominently strong, there is always a good dip. This would be noticeable around April 18 last.

To show you how close these two movements are sometimes figured out I will give you another example. On Sept. 30, Union touched 210⅜, breaking to 200¾ on Oct. 13 —9⅝ points. It rallied to 206⅝ on Oct. 15 and then reacted to 197 on Oct. 23, another break of 9⅝ points.—J. F.

We have often noticed that movements in various stocks or in the average a large number of stocks equalize at various times. Perhaps some of our readers have made a study of this point and can give scientific reasons for this.

Trading in Wheat.

M. W. C.—If your idea is to buy 1,000 bushels of wheat and also to sell 1,000 bushels of wheat short at the same price, taking either 3c. profit or 1c. loss on each trade, there is nothing in it. When you are both short and long of the market, you are to all intents and purposes closed out, as your short trade balances your long one. No money can be made in any speculative market by a system which always takes a fixed profit or loss. This sort of trading belongs to the field of gambling systems like the methods sometimes used for beating a game of roulette or faro. These systems have been exploded many times.

The best way to make money in the wheat market is to buy after a considerable decline, when the price is in your judgment low on a supply and demand basis, and when the market shows a tendency to grow more active on advances and dull on declines. Sell when these conditions are reversed. The activity or dulness of the market can be roughly estimated by the range of prices during the day. For example, a market having a range of 1c. between high and low for the day is manifestly less active than the one which has a range of 2c. a day.

This is not a rule for successful speculation, but merely a suggestion as to the lines of investigation and study which you should follow in trading in the wheat market. We would suggest that you purchase "Wheat Fields and Markets of the World," price $2.15 postpaid.

A Method of Investment.

The following clipping was taken from a New York daily. What is your opinion of the plan?

"One Wall Street trader who conducts his transactions through a well-known Stock Exchange house make a habit of estimating

his profits in each deal upon which he enters and of buying in addition to his speculative line of stock enough additional stock to represent the amount which he expects to make on the deal. This additional stock is to be paid for out of his profits if the trade proves successful. This trader, if he buys 400 shares of a stock selling at 40, with the idea of making 10 points on it, or $4,000 all told, buys an extra hundred shares also at 40, and when he has made the 10 points the extra hundred shares are paid for and the profit goes into the trader's strong box, and becomes one of his permanent investments. This particular trader has a number of blocks of stock which he paid for in this way. If his plans miscarry it means merely that he has 500 shares to sell, when otherwise he would have had only 400. Even when he buys 100 shares as a speculation he adds on an odd lot into which he puts his prospective profits. 'Speculating for stocks' and not for money is what he calls it."—G. H.

We see no objection to this plan for the investor who buys his original line of stocks for cash and pays for them in full. If he then buys on margin an additional number of shares, equal to one-fourth of his original line, he is amply protected on the entire purchase. In such a case the trader is merely working on a very large margin, almost equal to the full value of the securities, instead of paying cash for his line of stocks and taking them out of the market. Evidently this plan is not intended for those who buy the original line of stocks on margin.

Scalping—Fractional Lots—"Correspondents" of Stock Exchange Houses.

(1) Where in Boston is a good place to trade in ten-share lots (standard rails) on a margin of five or ten points?

(2) What is the use, or sense, or good of a ten or twenty-point margin to a "scalper," or to the house handling his business, when he invariably protects his trades by a stop order of one or two points?

(3) Is it true that brokers handling ten-share lots must pay 1/8 more and sell for 1/8 less than those handling 100-share lots?

(4) What advantages accrue to the trader who deals with a big exchange house, over one who deals with a Consolidated house, or with a correspondent of a Consolidated house?

(5) What, if any, is the significance of the magic word "correspondent," plastered on the door of a broker's office?

(6) Do you approve of "scalping," so-called?

(7) What is the best way to "beat the game," judging by your observation and experience?

(8) Do you consider the advice of tipsters of value to a speculator? Also, to an investor?

(9) In a few words, can you and will you please state how the successful "scalpers" have won out, stating briefly what you consider the essentials to success?—F. L. C.

(1) Suppose you try * * * *

(2) We do not believe that you will find any house willing to trade on less than ten point margin, even with a short stop order. Suppose an earthquake should occur, or the president should be assassinated, and you were long of Union Pacific at 189, with a stop at 187? The stock might open the next day at 175. You cannot expect brokers to stand in a gap of this kind for $12.50 a hundred shares.

(3) Odd lots of the active stocks are now handled at the bid and asked prices, and it is not necessary for any broker to pay a fraction higher or sacrifice stock at below the bid price. Remember that this does not apply to inactive stocks and specialties.

(4) See THE TICKER, Vol. IV, p. 266.

(5) If a house is a "correspondent" of some New York house, it means that they are in business for themselves, and simply clear their transactions through the New York firm. You must satisfy yourself as to the responsibility of your local house. Any New York Stock Exchange house which is doing business in Boston for its own account must clearly state on its sign and in its literature that the Boston house is a branch office.

(6) We approve of scalping providing it is done scientifically. The best work on this subject is "Studies in Tape Reading," the only work of its kind published.

(7) To answer your question as to what is the best way to beat the game, is like asking the price of an Easter bonnet. Our best advice to you is to procure all back numbers of THE TICKER and glean therefrom the essential points that are best suited to your purse, characteristics and experience, then plan out your own method of operating. Don't lean on anyone else.

(8) Some of the so-called "tipsters" send out market letters which are valuable, but we do not wish to be placed in a position of either recommending or discouraging subscriptions to their letters. Try them for yourself. Some people make money by them, and others go broke.

(9) There are so many essentials to successful scalping in the stock market that we could not express them in a few words. Read all the writings of Rollo Tape in THE TICKER and you will get some fairly good ideas on this subject. One essential is to cut losses short and let profits run.

Legal Inquiries

In this department Lindsay Russell, of the law firm of McLaughlin, Russell, Coe & Sprague, will answer inquiries in regard to all legal questions arising between broker and client. Mr. Russell's wide experience as receiver for numerous failed firms makes him a recognized authority on such questions.

Margin Account Closed Without Notice.

My broker sold out 100 Amalgamated Copper without my order; it is true my margin was low, but I am responsible and always respond to margin calls. The sold slip reached me a day sooner than a registered letter which they sent me stating that they had put a stop on the Copper at a certain price.—M.

Your rights in this situation depend first on whether there was an agreement existing between you and the broker authorizing the latter to sell out the stock he was carrying for you upon the exhaustion of your margin or the reduction of your margin below the amount of margin agreed on without first demanding more margin, or giving you notice of sale. Such an agreement, if it existed, either in writng or orally or by implication from your course of dealing with the broker, would be upheld and the broker would be protected.

In the absence of any agreement between you and the broker, you are entitled to a demand for margin and reasonable notice of the sale of your stocks; in other words, an opportunity to put up more margin if you so desire, before the broker can legally sell out your stocks upon your failure to make the margin good. This is so because the relation between you and the broker, as concerns stock carried in a speculative account solely upon margin, is that of pledgor and pledgee. The broker has a lien upon the stocks he so purchases and carries for you, for his commissions and for any advances he may make to you—that is to say, for the difference between the amount of margin you deposit with the broker and the cost price of the stock with commissions and interest. While the margin agreed on is maintained, the broker, if he desires to close out the transaction, must tender you the certificates and demand payment for them, and then if you fail to take them up within a reasonable time and pay the broker what you owe, the broker can sell after giving reasonable notice of the sale, together with time and place.

When the margin falls below the required or agreed amount, the broker (if there is no agreement to the contrary) can sell the stock out only after the demand for margin and notice of sale above mentioned. There is no particular form required for this demand and notice, but it must be explicit and be given in reasonable time, designating both the time and place of sale. As a general rule the mere usage of stock exchanges and the occurrences on former dealings between you and the broker are not sufficient to dispense with the duty of making demand and giving notice.

It is not quite clear what the letter from your broker, stating he "had put a 'stop' on Copper" at a certain price, means. If what the broker intended in this case was a "stop" as put upon stocks by a broker, that would have a different meaning from the ordinary "stop loss order" which a customer may give to the broker. The broker's "stop" used in the course of a demand upon his customer for more margin has been held to mean that, pending a response to the demand, the broker would preserve the account *in statu quo*. However, it is probable that what the broker meant in this case was to put the "stop" at a figure, which if reached in the decline would wipe out the margin, with perhaps half a point over to cover the commissions, and if you failed to respond with more margin before the stock reached this price, the broker would sell out the account without loss to himself.

It would seem in the case you mention that, as the sold slip reached you a day sooner than the registered letter demanding more margin and putting a "stop" on the stock at a certain price, the broker had not in this case given reasonable notice to you—assuming of course that there was no special agreement between you dispensing with notice. Where no agreement exists between the parties dispensing with the necessity of notice and the broker gives no notice, the selling out of the customer's account renders the broker liable to the customer for damages in a proper suit.

Cash Margin Creditors.

L. S.—In regard to decisions of the Supreme Court on the position of cash margin creditors of a bankrupt broker. In the June issue of The Ticker in subdivision (1) of my answer to "H. E." I stated: "(1) As this customer was a margin trader he is a general creditor of the brokers for the balance due him." This statement means that when there are no stocks which the customer takes up, and his account upon liquidation shows a credit balance, the customer is a general creditor of the estate for the liquidated credit balance due him. I do not know of any United States Supreme Court decisions to this effect, and do not believe that any case has been carried up on this point alone. There are probably many cases deciding other points which indirectly stand for this proposition. Of course, where the stocks purchased and held on margin for the customer come into the hands of the brokers' receiver, the customer may obtain his stock by paying all that he owes including interest in full.

Book Reviews

Moody's Analyses of Railroad Investments; 680 pp., price $12.50 delivered. For sale by Ticker Publishing Co.

There has been a crying need among bankers, financial institutions and investors for a method for intelligently and uniformly analyzing the statistics of the railroads. To the average investor, railroad accounting is a complex matter, and the examination of a railroad report generally becomes more difficult as the report grows in completeness. For example, the traffic statistics often seem hard to analyze; the income account does not seem to convey a clear statement of actual results, and the capitalization items and investment accounts appear too involved for simple interpretation; while, most serious of all, the relative position of the bond and stock issues of the system seem often wrapped up in mystery.

To interpret all these matters is the purpose of "Moody's Analyses of Railroad Investments." It analyzes the annual reports of all the railroads in the country by a method which enables the user of the book to ascertain at a glance the true value of all the bond and stock issues. Bankers and brokers frequently hire experts at fees ranging all the way from $100 to $1,000 each to analyze particular railroad systems for them. This book furnishes equally complete analyses of all the railroads in the United States, the figures being brought down to the latest possible dates, and the subject treated in every case in an absolutely impartial and unbiased manner.

In a series of introductory chapters the proper methods for analyzing railroad reports and judging the true values of the stock and bond issues is clearly and simply explained. Technical terms are avoided and expert knowledge is not required to get a complete understanding of the subject. These chapters constitute a complete text book on the subject of the railroad business and should alone be worth the price of the entire volume. In connection with this subject a complete description of the uniform accounting requirements of the Interstate Commerce Commission is presented.

There is no more valuable book for the student of values.

Poor's Manual of Industrials; 2,317 pp., price $7.50 delivered. For sale by Ticker Publishing Co.

The first annual number of "Poor's Manual of Industrials" is designed to perform a work similar to that accomplished by "Poor's Manual of Railroads" for the railroads, which has been published for more than forty years past. The book is remarkable for its scope, which is much greater than has heretofore been attempted by any publication. The total capitalization of all industrial corporations represented in the book is $18,873,000,000, of which $17,529,000,000 is in the United States. The total capitalization of all the railroads in the United States, according to "Poor's Manual of Railroads," is $17,234,000,000. The total stock issued by industrial corporations in the United States is shown to be $13,132,000,000; total bonds, $4,397,000,000. The railroads have issued $7,642,000,000 stock and $9,593,000,000 bonds.

The average rate of interest on bonds of industrial corporations is 5.27%, as against 3.88% on railroad bonds. The average dividend rate on industrial stock is 4.02%, as against 3.50% on railroad stock. Gross earnings or industrial corporations making complete returns to the "Manual," and representing an aggregate capitalization of $7,163,000,000, were $2,165,000. The gross earnings of all the railroads, representing an aggregate capitalization of $17,234,000,000, were $2,407,000,000.

The following paragraph from the introduction explains the method of compilation:

"The statements presented in this work have been compiled chiefly from data received from the corporations on blanks sent to them, and also from printed annual reports. With the blanks soliciting information were sent letters urging upon officials the importance of making public full and detailed financial statements. The canvass was very exhaustive and persistent, in many cases as many as five requests having been sent. Only a small percentage of corporations ignored the requests altogether; some few declined to render any kind of statements; and many submitted only general information which did not include such vital statistics as income accounts and balance sheets. In all cases proofs of the statements as compiled were sent to the companies with a request to supply the missing data. While this request was occasionally ignored, many companies supplied the information, with the net result that the present book is far more complete in all respects than any other reference book that has attempted to cover the field of industrials. The large number of complete financial statements that have been secured, have been presented, wherever possible, in a comparative form so as to show the development and to make possible an opinion as to the value of the securities."

Investor's Pocket Manual; 240 pp., monthly, 25c. each postpaid. For sale by Ticker Publishing Co.

We have found this an exceedingly satisfactory monthly statistical record of earnings and prices for all important companies. In the May and succeeding numbers supplemental tables have been added which give the high and low price records of every security listed on each of the different exchanges, with statement and description of company in the main body of the book. It is the only publication in the United States in which this information may be found. The amount and correctness of the information condensed into this little monthly record is really astonishing.

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation in the smallest possible space. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the *corresponding* month of each of the four preceding years.

	Average Money Rate Prime Commercial Paper, New York.	Average Money Rate Prime Commercial Paper, Foreign.	Per Cent. Cash to Deposits, New York Clearing-house Banks.	Per Cent. Loans to Deposits, New York Clearing-house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.
June, 1910	4⅞	3⅛	27.4	100.0	....	.....
May, 1910	4¼	3⅝	26.7	101.2	....	.....
April, 1910	4¼	3⅝	25.8	100.9	15.9	104.5
Corres'g mo., '09....	3⅞	3	26.6	95.4	18.2	103.4
" " '08....	4	3¼	29.3	94.0	20.0	105.5
" " '07....	5½	4⅜	25.3	102.4	15.4	107.1
" " '06....	5¼	3¾	26.4	101.0	15.6	105.0

	New Securities Listed on New York Stock Exchange.	Money in Circulation Per Capita First of Month.	Bank Clearings of U. S., *	Bank Clearings of U. S., Excluding New York City.	Balance of Gold Movements—Imports or Exports.
June, 1910	....	$34.59	....	....	....
May, 1910	$174,297,300	34.45	$13,143,912,000	$5,335,942,000	....
April, 1910	114,749,000	34.87	14,001,387,000	5,659,725,000	Ex. $34,182,707
Corres'g mo., '09..	465,478,320	35.01	13,003,887,000	4,907,627,000	Ex. 2,988,887
" " '08..	138,876,000	34.75	10,858,707,000	4,188,873,000	Ex. 11,915,144
" " '07..	58,295,000	34.20	12,406,705,000	5,071,850,000	Im. 2,754,683
" " '06..	46,486,400	32.45	13,237,374,000	4,444,345,000	Im. 12,456,031

	Balance of Trade—Imports or Exports.	Bradstreet's Index of Commodity Prices.	Wholesale Price of Pig Iron.	Production of Pig Iron (in Tons).	Price of Copper, (Cents).	Production of Copper, Pounds.
June, 1910	....	8.81	$17.06	....	12.5	....
May, 1910	Ex. $11,215,820	9.06	17.49	2,390,162	12.6	123,242,000
April, 1910	Im. 853,620	9.19	18.05	2,483,763	12.7	117,477,000
Corres'g mo., '09	Ex. 7,300,803	8.39	16.53	1,880,098	13.2	118,356,000
" " '08	Ex. 29,565,881	7.72	16.62	1,165,688	12.7	....
" " '07	Ex. 8,247,462	8.99	25.75	2,295,505	22.6	....
" " '06	Ex. 25,639,190	8.32	19.25	2,098,746	18.4	....

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Condition of Winter Wheat.	Condition of Spring Wheat.	Condition of Cotton.
June, 1910	126,497	....	....	80.0	92.8	....
May, 1910	110,661	$51,775,655	$9,590,186	82.1	....	82.0
April, 1910	96,319	62,839,455	17,752,591	80.8	....	...
Corres'g mo., '09...	272,650	66,211,000	14,383,760	80.7	95.2	81.1
" " '08...	381,779	35,458,000	13,643,381	86.0	95.0	79.7
" " '07...	....	63,188,000	9,965,410	77.4	88.7	70.5
" " '06...	....	53,030,000	12,992,809	82.7	93.4	84.6

The Market Outlook

By G. C. SELDEN

THE abject depression which has enveloped the railroad world as a result of President Taft's injunction and the passage of the new railroad bill is not without its amusing features. The sequence of events has been about as follows:

1. Increase of dividends by many important roads.
2. Heavy gross earnings and predictions by leading railroad men that car shortages and freight blockades are probable next fall.
3. An average advance of three to five per cent. in wages of railroad employees without serious resistance on the part of the roads.
4. A general effort on the part of the roads to raise capital in Europe.
5. A concerted attempt to anticipate the new railroad law by raising rates before it became effective; frustrated by President Taft.
6. Prominent railroad presidents declare emphatically that their roads are on the verge of insolvency unless rates can be raised.
7. Jersey Central and Mobile & Ohio raise dividend rates.

One is almost tempted to remark that if the railroads cannot manage their affairs more consistently or tactfully than above indicated, a greater measure of government control may not be so injurious after all.

The actual position of the railroads.—The table herewith shows the relation of labor-cost to gross earnings and to interest and dividend payments for the railroads of the United States, to and including the year 1909. It will be noticed that the figures for 1909 are very close to the eleven year averages—in fact the interest and dividend payments show a greater increase over the eleven year average than does the compensation to labor.

Since the first of January, average wages have been advanced perhaps five per cent. This has brought the ratio of labor payments to gross earnings up to the highest point of the past decade. Some increases in rates have been made, but the new law will undoubtedly make it more difficult to advance rates in the future. Some of the roads which have been paying dividends nearly up to the full amount of their net earnings may be obliged to cut dividends unless rates can be raised. After all this is said, however, it must be agreed that the roads are, generally speaking, in a prosperous condition and, if business continues good, are likely to remain so.

The long and short haul clause.—One important feature of the new railroad bill seems to be attracting little attention. The bill provides that a road shall not charge more for a short than for a long haul over the same line or route and that the through rate shall not be greater than the sum of local rates; but the Interstate Commerce Commission has power to make exceptions to this rule. This part of the bill does not apply to existing rates until six months after it becomes a law, and then does not apply to rates under consideration by the Interstate Commerce Commission until after they have been passed upon by the commission. The transcontinental roads west of the Mississippi have owed a large part of their recent prosperity to charging higher rates on local traffic and on business to and from Rocky Mountain territory than were charged on through traffic and especially on business to and from the Pacific Coast. The roads have six months' grace on these rates, and longer if, as seems probable, the Interstate Commerce Commission is so overwhelmed with work that it gets behind in passing on new rates; but eventually

The Position of the Railroads.

	Ratio of Operating Expenses to Gross Earnings.	Ratio of Int. and Div. Payments to Gross Earnings.	Ratio of Labor Payments to Gross Earnings.	Ratio of Labor Payments to Int. and Divs.
1909	66.1%	27.0%	41.0%	152%
1908	69.7	31.3	43.4	138
1907	67.5	24.6	41.4	168
1906	66.1	24.9	40.0	161
1905	66.8	25.7	40.3	157
1904	67.8	25.7	41.4	161
1903	66.2	24.6	40.8	162
1902	64.7	25.9	39.3	152
1901	64.9	25.1	38.4	152
1900	64.6	25.8	38.8	150
1899	65.2	27.0	39.8	147
Average	66.3%	26.1%	40.4%	155%

Union Pacific in particular and the other Pacific roads to a lesser extent, will suffer a considerable cut in revenue as a result of this clause.

Favorable considerations. — Some important bullish features have developed within the past few weeks. The most important is the decline in the stock market, which brings many standard stocks down to a 6 per cent. basis. As the ruling rate for time money is 3½ to 4½ per cent., stocks are on a basis which would ordinarily be considered attractive to investors. A second favorable development is the fall in commodity prices. Bradstreet's index number is down to 8.81 against 9.23 last January, and Gibson's index is 114.6 against 119.7 in April. This decline in prices has already been reflected in our foreign trade, the excess of exports for May being $11,216,000 compared with $7,262,000 for May of last year, and a small excess of imports in April, 1910. It is hoped that this indicates a turn of the tide in our foreign trade. Another good feature is the excellent crop promise. An average crop of winter wheat is assured and the spring wheat crop has been sown on a very large acreage and under favorable conditions. Corn has had plenty of moisture, but unseasonably cold weather. There is plenty of time for hot weather later, however. Cotton is now in average condition, but will remain in doubt until the boll weevil is heard from. Finally, the continued moderate sales of our bonds abroad show that European investors do not take our despondent railroad presidents seriously, but are ready to invest in our securities on favorable terms.

Bear arguments.—The strongest bear argument is the increasing operating expenses of the railroads. It is going to be a slow and difficult matter for the roads to raise rates to meet these increasing expenses. Another important consideration is that the efficiency of railroad labor decreases as gross earnings increase. This has been repeatedly demonstrated, and will affect net earnings if business continues to increase. The dissatisfaction of large capitalists with the growing radicalism of the times and with the increasing government control of industry must also be counted an important bear argument. So great a proportion of the business of the country is under the control of these capitalists that their opinions become abnormally effective. A third influence is the almost complete paralysis of the investment demand in this country and the possibility of tight money at crop moving time next fall. However, if business should show a further falling off during the summer and early fall the difficulty of tight money might be avoided. At present there is no scarcity of liquid capital, as shown by call money rates—the difficulty seems to be in the unwillingness of investors to take hold of securities.

Summary.—At present writing there seems to be little encouragement to buy stocks, unless for those large investors who apply the averaging principle by gradually picking up securities on successive breaks. Wall Street opinion is mixed. There is probably a large short interest, but on the other hand the selling appears to come from influential sources. The market has now had a normal rally. It would seem probable, however, in view of the favorable developments above mentioned that any further sharp decline would bring bargain hunters into the market.

When the decline has finally run its course there will probably be one of those golden opportunities to "buy cheap" which occur only once in three or four years. Bearish conditions are bound to be temporary in a bull country.

JUNE 22, 1910.